

NEWS SUMMARY

GENERAL

77 held after anti-NF protest

Seventy-seven people were arrested as violence flared when 5,000 demonstrators gathered in Southall, London, to protest at a National Front meeting in the town hall.

Police were showered with smoke bombs, bottles and stones and at least 50 demonstrators commandeered and wrecked a London Transport bus.

One of the 73 demonstrators who appeared in a Leicester court following incidents during Saturday's National Front rally in the city, was fined £250.

Nuclear risks

About 10 cu yds of radioactive liquid has escaped in the Windscale nuclear installation leak and the Department of Energy says the risks of the waste material are "still very large". Back Page. Russia has admitted for the first time that it has experienced nuclear accidents. Page 2

Troubled Times

The International Graphical Federation is to ask its members to black a proposed weekly edition of The Times for overseas distribution following a request by the National Graphical Association. Page 12

'Amin in Iraq'

Ousted Ugandan dictator Idi Amin visited Iraq over the weekend in a bid to buy weapons with which to make a comeback in the north-west of his country, according to Arab diplomats in Nairobi.

Lebanon plea

Lebanese parliamentary leaders called for an emergency meeting of the United Nations Security Council to try to halt southern Lebanon violence. Six more people died during an artillery duel, according to a Christian militia spokesman.

General shot

Gunmen shot and killed General Mohammad Valli Qarani, the former head of the Iranian armed forces who was forced to resign last month. In Iranian Kurdistan clashes continued in the town of Mahabad where 150 people have died and 500 been injured in four days. Page 4

S. African clamp

Sal terms of up to seven years or fines of up to £4,000 for anyone publishing information about oil supplies and other strategic industries, have been introduced in South Africa. Page 4

Blow for Ecevit

Three members of Turkish Premier Bulent Ecevit's Republican People's Party resigned on the eve of a meeting to decide on an extension of martial law, possibly into the Kurdish areas they represent. Page 3

'Drugging' protest

The U.S. Embassy in Moscow protested against the apparent drugging of Britain's Robin Knight, a correspondent of U.S. News and World Report, during a trip last week to Soviet Central Asia.

German bomb

The road between Epping and Woodford was closed last night as Army bomb disposal experts tackled a 2,000 lb German bomb in Epping Forest, just 300 yards from the A11.

Briefly...

Mrs. Muriel Hopkins, the 52-year-old woman who refused hospital treatment for her problem, has died.

Mr. Victor Patrick, deputy editor of the Sunday Express, died in Malaga, Spain, after being knocked down by a taxi.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	FALLS
Excheq. 11pc 1991	Parker Timber
(£15 pd.)	Perry (H.)
Alpine Hldgs.	Queen Street
Bambers	Royco
Barker and Dobson	Vickers
Coltsedge	Whitbread A
Dolomieu	Whittingham (W.)
European Ferries	CRA
Fisons	Minorco
Furness Withy	Clayton Son
Gt. Portland Ests.	Dunbee-Combe
Hardy Furnishers	Gates (F. G.)
Home Charm	Hanger Invs
Land Secs.	Lesney Products
Lee Cooper	London Utd.
Leeds and Scottish	Revertex
NEPC	Spillers

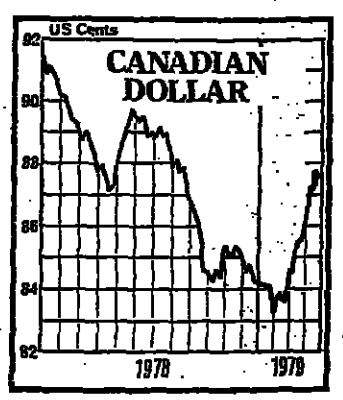
BUSINESS

Equities drift; Canadian \$ down

● EQUITIES drifted as political uncertainty kept business to a low level. The FT ordinary index eased 2.7 to 336.0.

● GILTS closed mixed with the Government Securities Index 0.07 up at 74.70.

● STERLING gained 10 points to \$2.0685, but its trade-weighted index eased slightly to 66.9 (67.0). The dollar moved



erratically and its index fell from 80.1 to 80.0. The Canadian dollar lost ground against the U.S. dollar after Canadian intervention to hold down the rate, and it closed at 87.54 U.S. cents against 87.75 on Friday.

● GOLD rose 5½ to \$236½ in London.

● WALL STREET was 0.88 up at 897.67 just before the close.

Spending recovery

● CONSUMER SPENDING rose in the first three months of this year, in spite of bad weather and industrial disputes, according to preliminary estimates, and the volume of spending for the first quarter was only slightly below the peak recorded in the third quarter of 1978. Back Page

● TRUE RATE of growth of the money stock has been understated over the last year by the official sterling M3 indicator, according to stockbrokers W. Greenwell's monthly bulletin. Page 7

● EGYPT and the IMF are still deadlocked over the three-year \$730m (\$535m) loan facility agreed last summer. The disagreement, which hinges on Egypt exceeding budgetary limits set by the IMF, has prevented Egypt drawing the second and third tranches of the loan. Back Page

● ENOC made a pretax profit of £22.8m in 1978—the first profit in its three years of operation—but after writing off interest and deferred tax, there was a net loss of £3.04m. The chairman, Lord Kearson, who expects "appreciable profit in 1979," criticised the big oil companies for attacking North Sea oil taxation merely to protect the enormous profits they were making from some of the big fields. Back Page

● EXXON, the largest U.S. oil company, reports a 37 per cent rise in first quarter profits to \$955m. Page 32

COMPANIES

● BL plans to improve its trading profit in 1979, the chairman, Mr. Michael Edwards, has said in the company's report for 1978. BL's automotive products made a profit of £18m last year before the cost of exceptional manpower reductions against a loss of £5.3m, while construction equipment section lost £5.6m (£3.1m profit) and other activities made a £2.9m profit (£5.3m profit). Page 28 and Lex

● RUGBY PORTLAND Cement 1978 pre-tax profits rose 5 per cent to £14.51m on turnover 12.25 per cent ahead at £98.6m. Page 26 and Lex

Healey promises to take 1m out of income tax net

BY RICHARD EVANS AND DAVID FREUD

Mr. Denis Healey, Chancellor of the Exchequer, promised yesterday that a future Labour Government would take 1m people out of the tax net altogether by increasing income tax thresholds by a greater amount than previously expected.

His pledge, made during a two-day visit to Scotland, underlines the effectiveness of the Conservative manifesto emphasis on cuts in direct taxes, and Labour's determination to meet the danger.

The cost of the increased allowances envisaged by Mr. Healey would be about £1.65bn in a full year, £600m more than the increases in his recent caretaker Budget.

The development in Labour policy on tax cuts is significant, as this is regarded by Transport House campaign managers as one of the Tories' most effective election weapons.

Mr. Callaghan made a move last week to neutralise the tax-cutting pledges of the Conservatives by promising that a future Labour Government would consider a switch from direct to indirect taxation, and now Mr. Healey has amplified Labour plans.

When the Chancellor made his Budget speech he said that Premier's Liberal opponent withdraws and union leaders attack. Back Page 4 Other election news, Pages 10 and 11 Industrial policies compared, Page 24

Bundesbank warning on Euro-currency markets

BY JONATHAN CARR IN BONN

THE West German Bundesbank has warned of the dangers to international finance and free trade inherent in the provision of massive funds free of economic conditions to deficit countries via the Euro-currency markets.

In a particularly strongly-worded section of its report for 1978, released today, the Bundesbank says the Euro-markets performed a useful function in helping to recycle the Organisation of Petroleum Exporting Countries' surpluses in the first years after the oil crisis of 1973.

But it was possible to speak of a large-scale "over-recycling" in the past two years. This had enabled many countries to finance bigger deficits for longer periods than was justified by the increased oil price and the need to avoid deflationary steps at home alone.

The dangers for the international community arising from this were clear. Large-scale financing without economic conditions enabled weak balance

of payments countries to delay facing their adjustment problems, which none the less would return with greater force in the end.

Still tougher corrective measures would then be needed. There was a growing danger of both financial crises and of these countries (which the Bundesbank did not name) taking refuge in trade protectionist measures.

In a separate part of its report the Bundesbank notes that last year the volume of balance of payments aid through official institutions fell markedly. Although drawings on the International Monetary Fund in 1977, this was mainly of funds to which economic conditions were not attached.

Although individual members of the Bundesbank's central council have referred to the problems of the Euro-markets before, the report—clearly approved by the entire leader-

record and were £2.3m higher than the industry's sales total of £57.5m. The surge of repurchases follows a total of £26.2m in February and compares with £19.1m a year ago. The latest sales figure is a rise of £18.7m, on February's total of £38.7m and is the second highest on record.

Mr. Palamoutain said special transitional capital gains tax rules for unit trusts made it particularly advisable for many investors to bed-and-breakfast their holdings in the tax year 1978-79.

Mr. Palamoutain said: "Publicity about the opportunity and direct mailings by unit trust groups to their investors encouraged an unprecedented level of bed-and-breakfast busi-

ness last month. But it also encouraged many investors simply to cash in their holdings. Repurchases last month were also swollen by the maturing of many unit-linked policies taken out in the 1960s.

Mr. Palamoutain said the industry's sales should remain buoyant in anticipation of a Conservative election victory. He said: "A Conservative victory would be very good for the stock market and it has not been fully taken account of in the present level of share prices.

If the index remains at its present level of around 530 until the election can see it going through 600 a few weeks afterwards, assuming the Conservatives get a workable majority."

Mr. Palamoutain said: "Publicity about the opportunity and direct mailings by unit trust groups to their investors encouraged an unprecedented level of bed-and-breakfast busi-

Envoy may go back to Rhodesia

BY RICHARD EVANS, LOBBY EDITOR

THE Prime Minister announced yesterday that his personal envoy, Mr. Cledwyn Hughes, would return immediately to Rhodesia should Labour be re-elected. He would assess the next steps to be taken after last week's internal elections there.

Mr. Hughes, who undertook an abortive mission to Rhodesia before Christmas, would advise Mr. Callaghan on the feasibility of all-party talks on a ceasefire and internationally supervised elections under the original Anglo-U.S. proposals.

Before making the announcement Mr. Callaghan had been in touch with President Carter over the weekend, but it was emphasised that the initiative would be purely a British one.

The Prime Minister's move, follows growing signs of a divergence of attitude between the Government and Conservative leaders over the results of the Rhodesian internal elections.

Mr. Francis Pym, Tory foreign affairs spokesman, has made it clear that, provided they are seen to have been properly and fairly conducted, a Conservative Government would be in favour of backing the elections and the new multi-racial government.

But Mr. Callaghan remains deeply sceptical of the wisdom of doing this in view of the continuing strength of the guerrilla forces of Mr. Joshua Nkomo and Mr. Robert Mugabe. The Tories have sent an

official group of observers to Rhodesia to study the conduct of the elections, and the leader, Lord Boyd, a former Tory Colonial Secretary, will report directly to Mrs. Thatcher on his return.

Mr. Callaghan announced yesterday that it was intended that Mr. Hughes, a former chairman of the Parliamentary Labour Party who is not standing for Parliament again, should leave for Africa as soon as the general election was over. Meanwhile, discussions would take place with the parties inside and outside Rhodesia, and in the surrounding countries, to arrange his programme.

Mr. Pym, asked for his views at the Conservative Press conference, said cautiously that Rhodesia would be one of the top priorities for an incoming Conservative government but before making a judgment it would await the return of the party's observers.

Mr. Julian Amery, a former Tory Foreign Office Minister, said a Conservative government would have a cast iron case for ending sanctions and recognising the new Zimbabwe Rhodesia. The reported 64 per cent turnout in the elections had been a massive endorsement of the internal settlement and a flat repudiation of the Patriotic Front.

Mr. Smith's flawed triumph, Page 4 Editorial comment, Page 24

Salisbury flexible

BY TONY HAWKINS IN SALISBURY

THE RHODESIAN Government is unlikely to adopt any hard and fast stance on the issue of possible all-party talks, pending the full results of last week's majority rule poll and the outcome of the British elections.

While the transitional government of Mr. Ian Smith, the Prime Minister, Bishop Abel Muzorewa, Chief Jeremiah Chirau and the Rev. Nabaningi Sithole, is theoretically committed to all party talks "without preconditions"—as agreed in Washington last October—the situation evidently has changed radically since then.

The successful Rhodesian poll, the evidence of growing Right-wing pressure on President Carter to recognise the voting of an dthe possibility of there being a Conservative Government in London imply that the incoming black Prime

Minister (virtually certain to be Bishop Muzorewa) may well press for outright recognition from Mrs. Thatcher next month rather than rushing into acceptance of a new constitutional conference on a second round of elections.

David Buchan, writes from Washington: State Department officials said yesterday that a U.S. official would most likely accompany Mr. Cledwyn Hughes, But the Administration is making no pronouncement until the evidence is in about the conduct of the Rhodesian elections, and until it sees who wins Britain's General Election.

However, moves are likely this week in Congress to try to force President Carter to lift trade sanctions on Rhodesia automatically 10 days after a black majority government is installed there.

Queen on State trip to Denmark next month

THE QUEEN will combine business with pleasure on her second State visit to Denmark next month.

The first three days of the trip from May 16 to 19 will be taken up with official engagements including a visit to Jutland. Then she and the Duke of Edinburgh will spend two days relaxing with Queen Margrethe in her country palace of Fredensborg.

£ in New York

	April 20	Previous
Spot	182.0750-0740	182.0735-0745
1 month	0.27-0.28	0.32-0.37
3 months	0.77-0.78	0.78-0.79
12 months	2.10-2.00	2.10-2.00

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EUROPEAN NEWS

French banks to fall into line on minimum reserves

BY DAVID WHITE IN PARIS

FRENCH AUTHORITIES have finalised a scheme for imposing minimum reserve requirements on banks' lending operations bringing France into line with banking practice in a number of other countries.

The proposals, which have been under discussion since the autumn, are thought to have been considerably watered down from their original version. They take into account, in particular, the low capital base of the three nationalised banks which dominate the French commercial banking sector.

M. René Monory, the Economy Minister, is due to steer the proposals through a meeting today of the National Credit Council, which is also expected to approve a loosening of rules governing hire purchase agreements.

The proposals do not affect foreign banks as long as compulsory reserve rules in the country of ownership are at least as strict as the French requirements.

The reserve requirements are to be brought in over a three-year transitional period ending on June 30, 1982. They will be based on banks' estimates of the ratio between capital and lending at the beginning of this year. Banks which already have a ratio of at least 5 per cent are expected to maintain that level. Those with less are expected to increase the ratio with regard to their



M. René Monory

additional commitments during the three-year period.

The target rates for the increase in reserves relative to the increase in lending are again differentiated. Banks with reserve ratios of more than 3 but less than 5 per cent are expected to make up half the difference between the current ratio and the 5 per cent level. Those with ratios of under 3 per cent are expected to increase theirs by at least one percentage point.

Observers saw the arrange-

ments as managing to circumvent a problem which has beset the authorities in their attempt to apply a minimum reserve scheme—the difficulty of tailoring one which would fit the big state-owned banks without calling on large quantities of fresh government funds to bolster their reserves.

The National Credit Council is also expected to discuss rules to ensure that banks spread their loan engagements.

Most of the restrictions on hire purchase are due to be dismantled from the beginning of next month—including the fixed basic-interest rate, now at 17.3 per cent, the current 21-month time limit on all goods except cars, and the minimum 20 per cent down payment—in order to stimulate competition between banks in the field of consumer credit.

Terry Dodsworth adds: Proposals for a third year of government-assisted job-creation for the young are expected to be announced today by the French Employers' Association. The aim is to have the new system in operation to cushion the rise in youth unemployment which will follow the end of the school year this summer. Apart from the present contracts for on-the-job training of the young, the proposals are likely to envisage the creation of openings in the public sector. The total cost may be around FFfr 3.5bn (£385m).

Portugal accord with IMF delayed

By Jimmy Burns in Lisbon

DESPITE INDICATIONS that Portugal and the International Monetary Fund (IMF) may be bridging their differences, a formal agreement between the two sides will not be signed for at least another month and only when and if Portugal's 1979 budget is approved by Parliament.

This emerged, much as expected, following three days of talks in Washington between the Fund and a top-level Portuguese delegation led by Dr. Jose Silva Lopes, the Governor of the Bank of Portugal.

Returning to Lisbon on Sunday night, Dr. Silva Lopes said he was "moderately optimistic about the terms of a new agreement with the IMF" but that this was dependent on the budget vote.

Although he refused to comment further, it appears that both sides are finding it difficult to conclude the negotiations with the political outlook in Lisbon still confused following the Government's first budget defeat last month.

Lisbon is hoping that the Fund eventually will ease some of its demands for austerity and show flexibility on the target to be set for a reduction in the country's balance of payments deficit this year.

Moscow admits nuclear accidents

BY DAVID SATTER IN MOSCOW

MR. PYOTR NEPOROZHNIY, the Soviet Minister of Power and Electrification, has admitted for the first time that nuclear accidents, including an explosion and radiation leaks, have occurred in the Soviet Union.

He made the disclosure at a meeting last week with Mr. Robert Michel, one of a group of visiting U.S. Congressmen.

It has long been believed that serious nuclear accidents have occurred in the Soviet Union. There were reports of an explosion in 1973 at the new Shevchenko reactor on the Caspian Sea and an explosion in the Ural Mountains in 1958 in which hundreds were said to have been killed. No official has ever been willing to confirm this before, however.

Mr. Neporozhniy gave no information about when and where the accidents occurred, but he cited two accidents, as well as a series of fires, at unidentified stations.

Mr. Michel said on Sunday that Mr. Neporozhniy indicated that these were not serious enough to deter the Soviet Union from proceeding with the development of nuclear power.

The Soviet Union has ambitious plans to develop nuclear energy, which it regards as cheaper and more efficient than other types of energy and at the time of the Three Mile Island accident, the Soviet Press reported that the cooling systems in Soviet reactors are more reliable than those in U.S. reactors.

Mr. Michel said: "They feel their safety provisions are such that they can proceed not only with the current model of reactors but with a fast breeder reactor."

At the time of one of the Soviet nuclear accidents, Mr. Neporozhniy put on a space suit and went to the site himself "to make certain the site was safe," Mr. Michel quoted the Minister as saying.

The subject of nuclear power safety was also brought up at a meeting between the visiting Congressmen and Mr. Alexei Kosygin, the Soviet Prime Minister.

Mr. John Brademas, the leader of the Congressional delegation, quoted Mr. Kosygin as saying that the Three Mile

Island incident had done the Soviet Union a favour by alerting it to check safety precautions for its own nuclear power plants.

An official of the Soviet Foreign Ministry has rejected a protest by the U.S. embassy over an incident in which the Moscow correspondent of U.S. News and World Report was apparently drugged.

The journalist, Mr. Robin Knight, who has been frequently attacked in the Soviet Press, became violently ill and repeatedly lost consciousness after drinking a vodka toast while on a trip to Soviet Central Asia. He said indecent advances had been made to his wife who was accompanying him.

Catalans march for home rule

BY DAVID GARDNER IN BARCELONA

BARCELONA was bedecked with flags and roses yesterday, as an estimated 300,000 Catalans turned out to call for a prompt re-establishment of full home rule in the region.

The demonstration has been called by the Catalan Socialists and Communists, but was later supported by the two main nationalist parties.

The ostensible occasion for the march was St. George's Day—Sant Jordi—as he is known, who is also Catalonia's patron saint. However, the march, which called for immediate parliamentary ratification of

the Catalan statute of autonomy, was clearly a protest at the continuing hold-ups in the devolution of power to the region.

The demonstration was called unilaterally by the Left, thus breaking the policy of consensus with the Catalan Centre-Right which has characterised the period since Franco's death.

It was opposed by both the governing Union de Centro Democrático (UCD) and Sr. Josep Tarradellas, the Madrid-appointed president of the provisional, and virtually powerless, Catalan Government.

The Catalan UCD viewed the

protest as further evidence of the Popular Front which it sees behind the support agreement reached by Communists and Socialists after the municipal elections on April 3. This agreement gives the Spanish Left and nationalist forces control over 28 of Spain's 30 most important cities.

Sr. Tarradellas, for his part, has compared Sunday's demonstration to October 6, 1934, when the Catalan government responded to the revolutionary insurrection in Asturias. Barcelona and other regions by declaring its independence.

Dutch plan consumer loan curbs

The Dutch Government is planning to bring consumer credit requests up to Fl 40,000, (\$3,340) under legal control from May 1, according to Mr. Andreas van Agt, the Prime Minister. Reuter reports from The Hague.

Informing Parliament of the already announced plans to curb consumer credit growth, he said virtually all consumer credit should thus be controlled, but savings credit is not meant to be affected, and there are no plans to put the brake on consumer credit through fiscal means. The Government aims to restrict consumer credit debts outstanding to a growth of 15 per cent in the year to April 1, 1980, he said.

Gibraltar tax move

In a wide range of budget measures announced here yesterday, the Gibraltar Government has introduced a package of income-tax and family allowances to ensure a more equitable redistribution of income and wealth, our Gibraltar correspondent writes. It has increased personal income-tax allowances, adjusted tax bands and rates, and doubled family allowances, which will now be tax-free.

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Declining wood supplies worry fuel experts

BY BRIJ KHANDARIA IN GENEVA

AS THE world struggles to cope with higher petroleum prices and the prospect of further energy shortages, a neglected aspect of the energy crisis directly affecting about 200m people in more than 120 developing countries has assumed new urgency.

This "poor man's energy crisis" is one of firewood used by the vast majority of the world's villagers for their daily fuel needs because oil and coal are far beyond their means.

Wood fuels account for about 85 per cent of all energy used by households in developing countries for cooking, heating and other purposes. Consumption takes place mainly in the form of firewood, with charcoal

accounting for a minor but substantial part of the total.

According to estimates by experts here, who cite United Nations Food and Agriculture Organisation (FAO) figures, wood burnt as fuel accounts for 33 per cent of the total energy needs of developing countries, compared with only 0.3 per cent in industrialised nations.

The poor man's energy crisis has become particularly acute not only because firewood supplies have almost run out in many areas, but also because rising costs of other kinds of fuel threaten to prolong the developing countries' dependence on firewood, whose depleted supplies cannot be rebuilt in less than 8-10 years—the time needed to grow new trees.

In most developing countries the only other sources of cheap energy for home use are animal dung and crop residues, both of which are vitally important natural fertilisers. The use of dung to burn as energy for cooking is equivalent to burning food in order to cook food. Calculations have shown that each ton of cow dung burnt as fuel in countries like India means a loss of about 50 kg of food grains.

Despite this stark trade-off, villagers in parts of Asia, the Near East and Africa burn nearly 400m tonnes of animal dung as fuel every year, a quantity that can produce 20m tonnes of food grains. It is estimated that wood fuels account for two-thirds of

all energy used in Africa, and that 90 per cent of all wood gathered in developing countries is burnt as fuel. Despite the already severe shortages of firewood, demand is expected to rise by 50 per cent by 1994.

Because forests are renewable resources, availability of fuel wood can also be organised and planned through forest development programmes involving the kinds of wood most suited to burning.

Mr. Edouard Saouma, FAO's director general, argues that trees should be planted as part of a mixed agricultural programme to provide food and fuel for the local people. Trees can thus become a part of local economic process in poor countries.

Germans defend research outlay

BY GUY HAWTIN IN FRANKFURT

WEST GERMANY'S mechanical engineering industry has hit back at critics who have accused it of spending far too little on research and development. Figures produced by its trade association show that on almost all criteria it comes second only to the U.S. industry on R and D outlay.

According to the Verein Deutscher Maschinenbau-Anstalten (VDMA), the mechanical engineering trade association, R and D expenditure in the industry is not comparable with that of the chemical or electro-technical industries.

In mechanical engineering much more R and D expenditure takes place outside the

individual companies—at institutes or universities, for example—and periods of innovation are far longer than in the other two industries.

However, an analysis of the period from 1967 to 1975 (the latest comparable figures available) show that overall spending on R and D has been higher than in most of its western industrial competitors, says the VDMA.

In 1975 the industry spent DM1.6bn (£406.3m at current exchange rates). While this was well below the U.S. figure, it was four times as high as expenditure in Britain, Sweden and France, and considerably higher than the Japanese figure.

As a proportion of the industry's turnover, West German R and D spending totalled 1.9 per cent. This was below the 2.7 per cent spent in the U.S. and under the proportionate spending in Sweden but well ahead of Britain's 0.7 per cent, France's 1.1 per cent and Japan's 1.4 per cent.

During the period from 1967 to 1975, West German R and D spending rose five-fold. In France, it rose hardly at all. In Britain it fell, while in Japan it went up four times.

Measured in terms of numbers employed, West German spending amounted to about £298 per worker, far ahead of any other European country, with the exception of Sweden.

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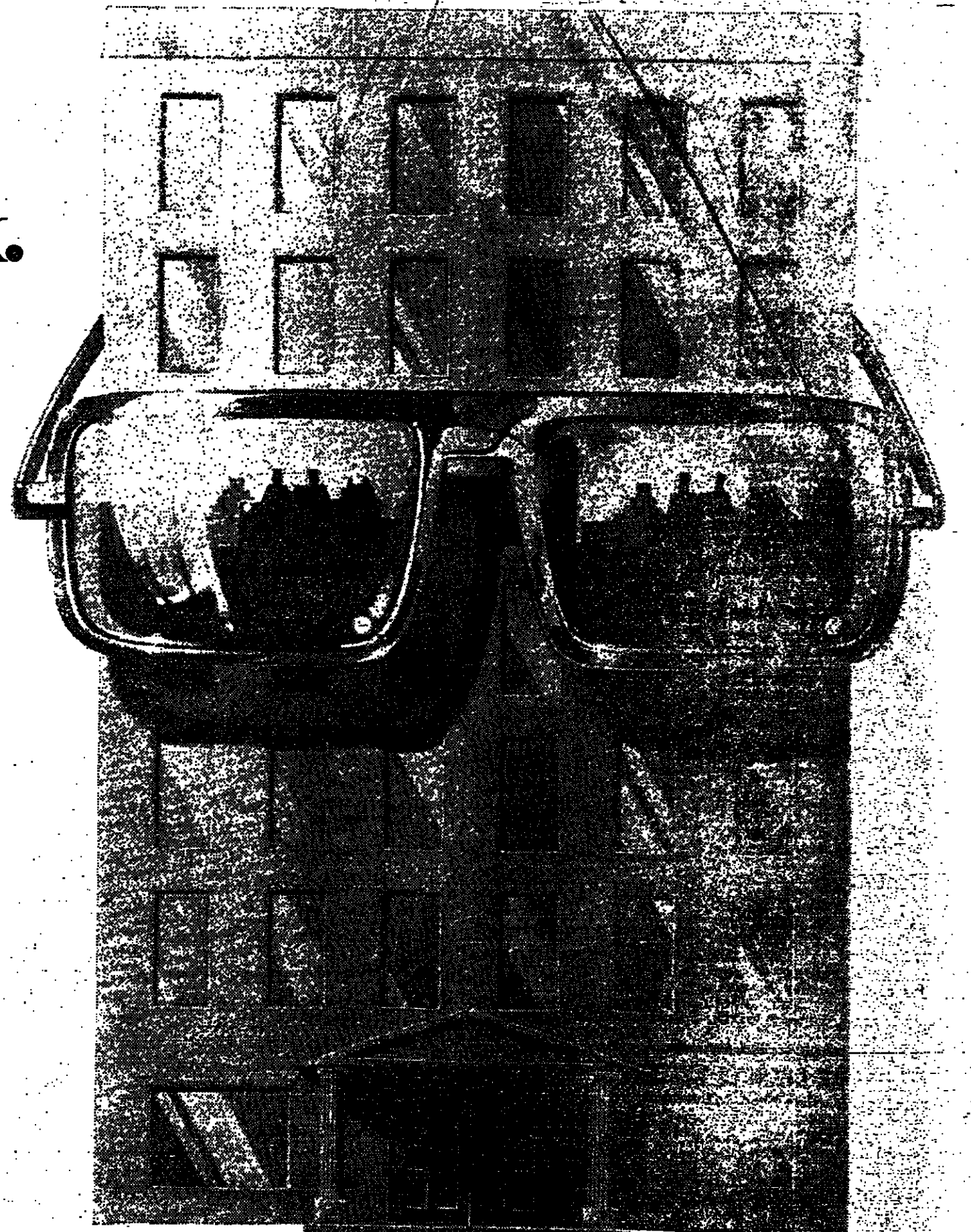
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مكتبة الشامل

Schmidt hits at E. German curbs on correspondents

BY LESLIE COLITT IN BERLIN

HERR HELMUT SCHMIDT, the West German Chancellor, has called the recently imposed curbs on western correspondents by East Germany a sign of the "weakness of its leadership." The restrictions, forbidding western journalists from interviewing East Germans without prior official approval, have led to a marked worsening of relations between the two Germanies.

Although Herr Schmidt said West Germany will not retaliate against East German correspondents in Bonn, his remark about the East German leadership—made at a Press conference in Vienna at the weekend—has incensed East German officials. Since the intra-German agreements were signed in 1972 it has been West German policy to make the East German Communists feel more secure rather than weaker in order to achieve increased contacts between the people of East and West Germany.

The restrictions on western journalists are part of an overall hardening inside East Germany that includes the stepping up of measures against political critics, the most prominent of whom are Professor Robert Havemann, the Marxist, and Herr Stefan Heym, the writer.



Herr Helmut Schmidt
West Germany's Chancellor

Prof. Havemann, 69, has been under virtual house arrest at his home outside East Berlin since he protested against the expulsion of the East German balladist, Wolf Biermann, in November, 1976. The professor says police are blocking the entrance to his house, his wife not even being allowed to take their daughter to kindergarten. The East German authorities have repeatedly tried to get

Prof. Havemann to leave voluntarily for West Germany but he has always refused.

Herr Heym, 66, a best-selling author in the West who gave up his American citizenship in 1952 to settle in East Germany as a convinced Marxist, says the East German authorities have now refused to allow him to travel to West Germany to deliver a lecture in Mainz. In recent years, he and other East German writers and artists have been allowed to travel to the West freely.

"Now I am in the same situation as 99 per cent of all other GDR citizens," says Herr Heym. A ban on travel to the West has been imposed on at least four other critical East German writers, and Herr Heym believes that in his case it is connected with the publishing of his latest novel in West Germany, which criticises the East German State security system.

The curbs on Western journalists, which have led to sharp protests from the West German Government, were imposed after citizens made critical remarks about East German authorities to West German TV correspondents. The same evening they were seen by millions of East Germans, who closely follow West German television programmes.

Reginald Dale reports from Homestead, Florida, on NATO's nuclear dilemma Wrestling with the Soviet arms build-up

IN GREAT SECRECY Western Governments are girding themselves to take what could be one of the most important military decisions since the NATO alliance was established just 30 years ago this month. The outcome will not only be vitally important for the credibility of the West's defences in Europe.

In the wider political context, it could provide an indication of the extent to which Western Europe is in danger of becoming "Finlandised" by the Soviet Union. "Finlandisation," a term which is far from popular in Helsinki, implies the reluctance, or inability, of Western governments to take politico-military decisions of which Moscow disapproves.

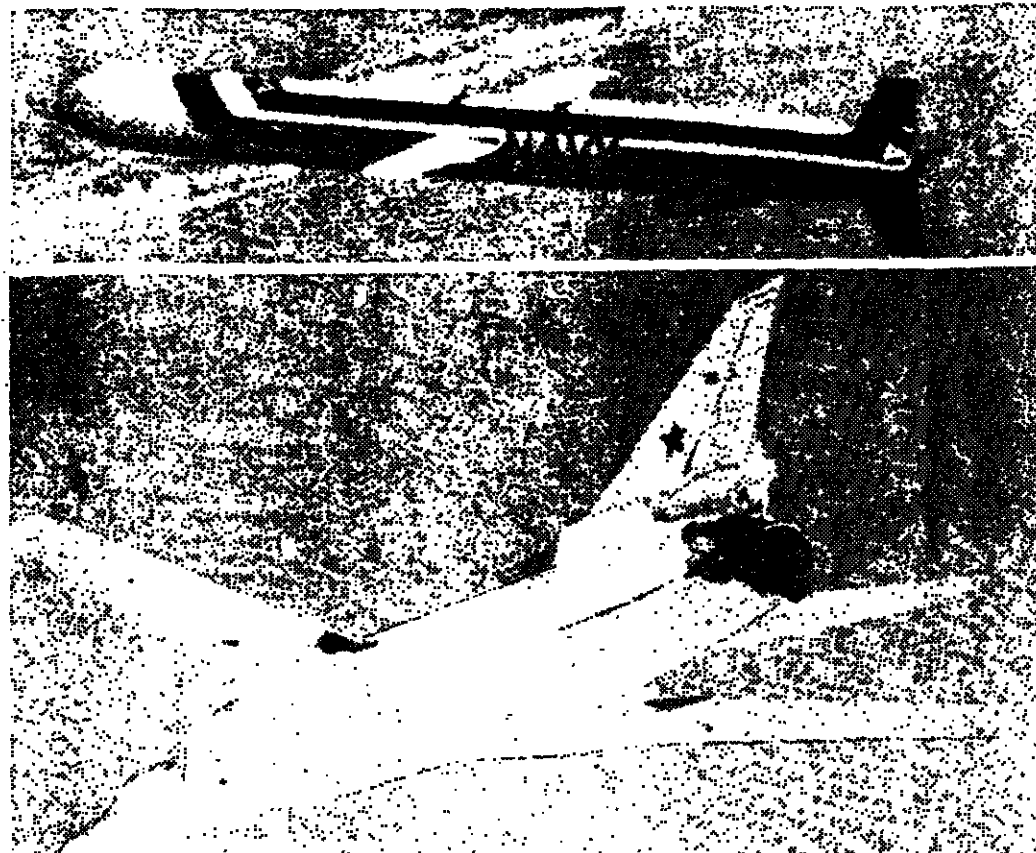
Western consultations should be taken an important step forward over the next two days here at a restricted gathering of defence ministers in Homestead Air Force base in southern Florida. The meeting is one of the twice-yearly sessions of NATO's eight-nation Nuclear Planning Group (the NPG), of which only four countries (the U.S., the UK, West Germany and Italy) are permanent members.

The remaining four seats are filled by the other allies (excepting France) in rotation, and this time it is the turn of Canada, the Netherlands, Norway and Turkey. Mr. Fred Mulley, Britain's Defence Minister, views the Homestead meeting as sufficiently important to warrant a temporary absence from the British general election campaign.

The problem at the centre of the ministers' discussions is the modernisation of the alliance's so-called Theatre Nuclear Forces (TNF). These are the nuclear weapons based in Western Europe which would be used to try to stop a Warsaw Pact invasion before such strategic weapons as American-based Minutemen, or the British Polaris submarine force, were brought into action.

Many of these TNF systems, particularly the airborne ones like the British Vulcan and the American F-111, are ageing and due to be phased out in the 1980s. In simple military terms, these essentially battlefield weapons need replacing if the Warsaw Pact, which is constantly modernising and improving its tactical nuclear forces, is not to gain an overwhelming nuclear superiority in Western Europe, in addition to its already massive superiority in conventional terms.

But the problem is further



Two strategic weapons at the centre of NATO Defence Ministers' deliberations on the Alliance's nuclear modernisation plans: the U.S. Navy's Tomahawk Cruise missile (above) and the Soviet Union's Backfire bomber (below).

aggravated, at both the military and the political level, by the rapidly growing threat to Western Europe posed by the Soviet build-up of intermediate range nuclear systems such as the SS20 missile and the Backfire bomber, to which there is no counterweight in the West. The West's current "theatre" weapons would not have the slightest difficulty in "taking out" Portsmouth or Rotterdam with an SS20.

As neither the SS20 nor the Backfire, in their present form, can be used effectively against the U.S., they are not subject to the limits on strategic weapons negotiated bilaterally by Moscow and Washington in the latest round of Strategic Arms Limitation Treaty (SALT).

All this gives cause for serious anxiety to Western governments, and most acutely that of frontline West Germany. First, a gap is seen to be opening in the NATO nuclear

deterrent, traditionally based on the concept of graduated escalation. The West has nothing in its armoury between what are essentially battlefield weapons and the ultimate strategic deterrent, whereas the Soviet Union now has, in many European eyes, the danger magnified by the likely outcome of SALT 2. If stabilisation of the U.S.-Soviet strategic balance under SALT 2 means that neither super-power feels it has anything to gain by all-out nuclear war, then the Soviet Union might conclude that it could use its intermediate nuclear forces against Western Europe without necessarily provoking a strategic response by the U.S.

Such fears are further heightened by a suspicion that the U.S., for internal political reasons, may be becoming less inclined to countenance all-out nuclear war simply to defend Western Europe—despite President Carter's assurances to the contrary.

The fear is less that the Krem-

lin would actually decide to "take out" Rotterdam, although that can easily be envisaged in strategic "war games," than that it might use the possibility of doing so with impunity to impose political demands on Western Europe.

That is what makes the innocent sounding "TNF modernisation" programme so important. Part of the programme will, of course, entail replacing battlefield weapons by their more modern equivalents, as, for example, nuclear-tipped Lance missiles are superseding the earlier Honest John.

But the most sensitive part of the plan will deal with the installation of new, longer-range, nuclear weapons in Western Europe to fill the gap in the deterrent and counter the Backfire and the SS20.

No one supposes that the West will match the Soviet weapons one for one; but some show of determination is generally thought to be needed—both to build up a stronger bargaining position for futuresoil.

arms control negotiations and to show Moscow that the West has not become too feeble to stand up for itself.

At their meeting here, ministers will have before them a report from a NATO task force which concludes there is a clear need, on military grounds, to fill the gap and outline ways in which it could be done.

Four broad categories are under consideration: air or ground-launched Cruise missiles; air-carried missiles and bombs; land-based missiles such as an extended range version of the Pershing 2 or a completely new mobile, medium-range missile; and sea-launched missiles fired from submarines.

Many of these options present major difficulties. The U.S., for example, is not going to spend a vast amount of money developing a medium-range missile for the Europeans unless it is pretty sure they are going to buy it. Sea-launched missiles could only be launched from American submarines—unless Britain's Polaris force were re-targeted—thus failing to ensure the added European involvement that is meant to be the aim of the operation. At most, ministers might this week agree on the need for new systems, leaving final decisions on which ones until later in the year.

Many defence experts hope, however, that decisions will not be put off beyond this coming autumn. First, these are the sort of systems that will be under discussion in the next round of Strategic Arms Limitation Treaty (SALT 3) talks, and the West needs to know where it is going before negotiations get under way in earnest. Secondly, both the U.S. and West Germany will be moving towards pre-election periods if the issue is postponed for too long.

A related point is that Britain must soon make far-reaching decisions on its entire future as a nuclear power in the 1990s, when Polaris is no longer operational. The UK will probably want to secure some sort of assurance from Washington that new U.S. systems will be available, if they are wanted, in the same sort of time scale—that is, before President Carter gets too involved in his re-election campaign.

One of the trickiest problems will be over siting the new weapons. Bonn is adamant that at least two other countries must also house them if they are to be based on West German bargaining position for futuresoil.

Kurdish problem plagues Ecevit

BY DAVID TONGE

THE TURKISH Government's hold on the Parliament in Ankara was weakened yesterday by the resignation of three members from the ruling Republican People's Party. The three, who represent predominantly Kurdish areas in south-eastern Turkey, are understood to have resigned in protest at apparent Government plans to extend martial law into the Kurdish areas.

Before the defections, the Government of Mr. Bulent Ecevit had 228 votes in the National Assembly. This has 450 seats but four are vacant as a result of deaths, and the Opposition is still unable to muster the 226 votes required to overthrow the Government in a vote of confidence.

The revolt against Mr. Ecevit

is the second in a week. In the previous one, six conservative MPs who had crossed the floor and become Ministers issued a public attack on the policies of Mr. Ecevit. Their objections started with an attack on activities "jeopardising the integrity of the nation" and a call on the Government to go to the "root of the matter."

This was generally interpreted as a reference not merely to the recent sectarian fighting in Turkey but also to the increasingly worrying situation among the 7m Kurds who make up one-sixth of Turkey's inhabitants.

The Cabinet, after a 17-hour meeting, is reported to have agreed to extend martial law to the Kurdish areas. After a meeting today of the country's

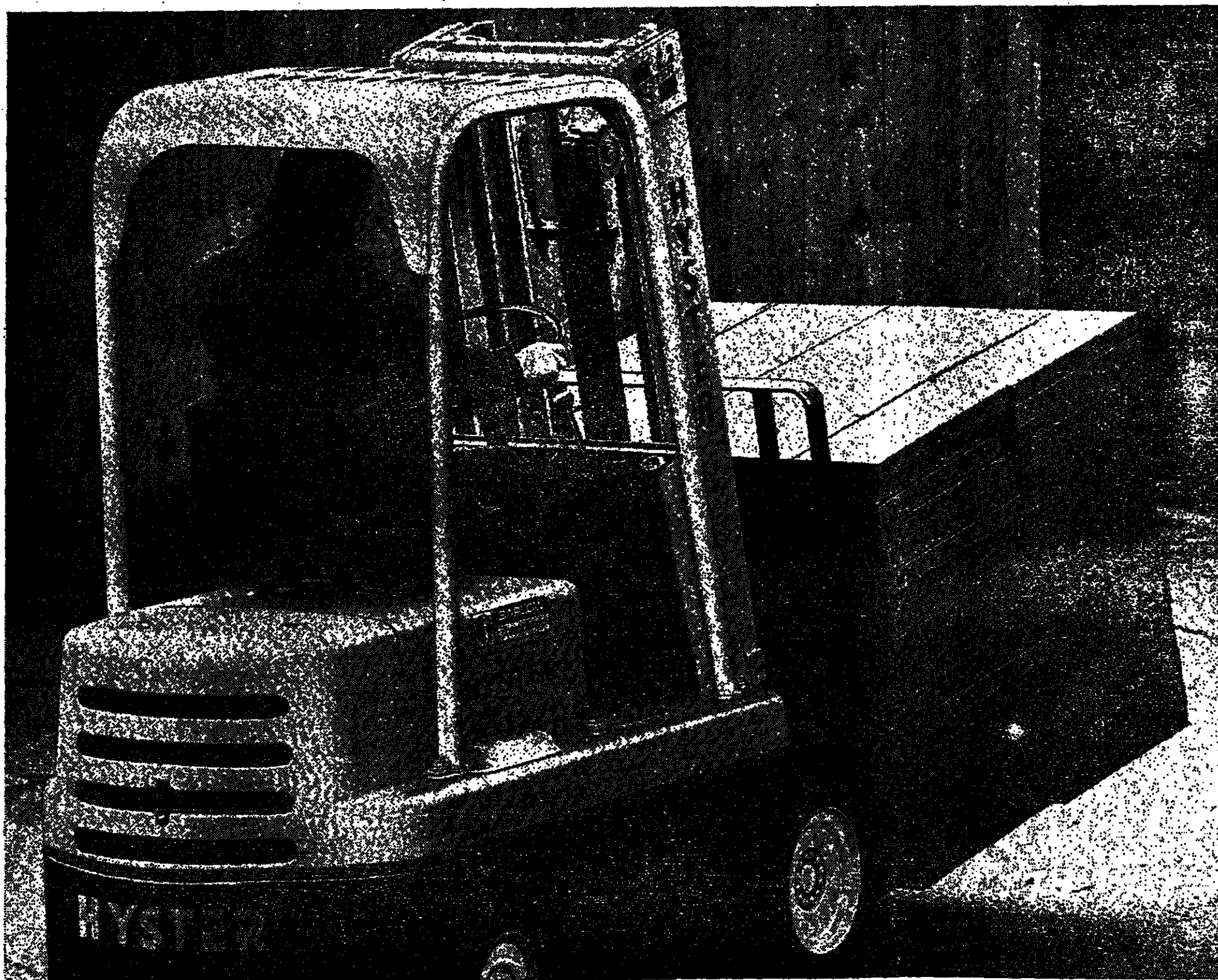
National Security Council, the question of prolonging martial law in 13 of Turkey's 67 provinces and extending it to the Kurdish areas is due to be voted on tomorrow.

Last week's visit to Iraq by Gen. Kaan Evren, the Turkish Chief of Staff, has been widely described as reflecting the concern in Ankara that the recent

uprisings by Iran's Kurds could have consequences in Turkey. Ever since Turkey won its independence in 1923, the Kurds—described by officials in Ankara as "mountain Turks"—have been viewed with extreme suspicion by Turkish security forces.

Officials in Ankara are increasingly worried at this situation.

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OVERSEAS NEWS

THE RHODESIAN ELECTIONS

A flawed triumph for Mr. Smith

BY MARTIN DICKSON, AFRICA CORRESPONDENT

IT WAS a grey-haired African schoolmaster, standing in the middle of a village of thatched huts, who best summed up the meaning of Rhodesia's internal settlement election.

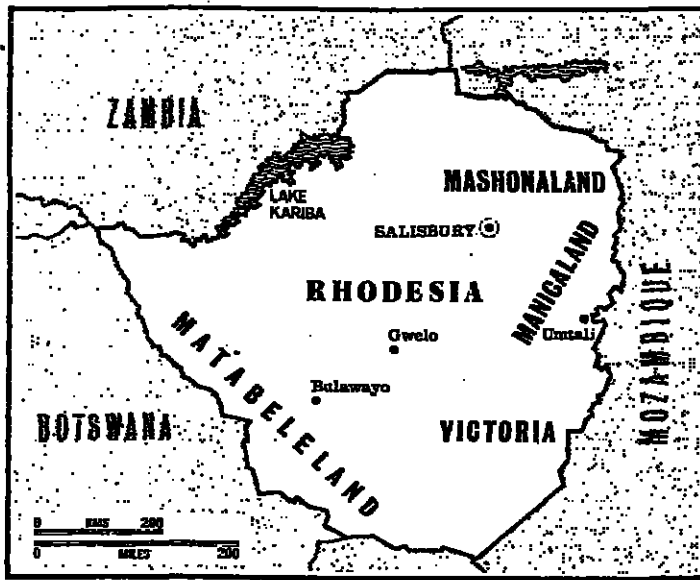
"You go back to England," he said, "and tell Dr. Owen that the people are crying out for peace. We are sick and tired of war."

If the official 63.9 per cent poll achieved by the Rhodesian Government can be said to demonstrate anything, it is that there is an immense yearning in the country for an end to the six-year-old guerrilla war which has left no home untouched.

This emotion was an obvious one for the internal settlement leaders—Mr. Ian Smith, Bishop Muzorewa, Rev. Sithole and Chief Chirau—to play on in the run-up to polling. "Your vote can stop the war," went the campaign slogan. Faced with such an alluring prospect, it is hardly surprising that voters flocked to the polls.

But beyond this it is difficult to say with any confidence what the election shows. The poll cannot be simply seen as a referendum on the new and controversial constitution negotiated by the internal leaders, which leaves whites with a degree of power out of all proportion to their numbers.

The difficulties in quantifying the results of the poll were greatly increased by the war, which meant that journalists and international observers would put their lives at risk if they ventured out into the bush alone. This meant that for the most part the Press and observers were dependent on Government transport for what they saw—and there were large tracts of country, notably in the Matabeleland stronghold of guerrilla leader Joshua Nkomo, to which no pressmen were taken.



Bearing in mind these limitations, the actual process of voting does seem to have been carried out in a generally honest (and highly efficient) manner.

However, some doubts must be cast on the accuracy of the final national percentage poll, since two provinces recorded turnouts of over 100 per cent. This may have been due in part to inaccuracies in the estimated voting population in each province. Another contributory factor could be voting by teenagers under the legal age of 18—at some polling stations the age of the voter did not appear to be monitored as strictly as it might.

Nevertheless, there cannot be much doubt about the genuine enthusiasm for the elections displayed in urban areas. Intimidation cannot explain away the long queues which formed outside urban polling booths on the first day of the election, nor the jolly, carnival atmosphere around the polling points.

This said, however, the election cannot be regarded as an accurate reflection of African opinion because of the background in which it was held.

For there was a built-in bias in the whole process. The great weight of the Government's extremely sophisticated propaganda machine was brought to bear on the electorate and dissenting viewpoints were mercilessly crushed. Censorship has been in force for months, a black opposition newspaper, the Zimbabwe Times, was shut down last year, and at least 100 supporters of Joshua Nkomo were locked up just before polling started.

More direct pressures were also brought to bear to ensure a high poll. White householders were urged to "accompany" their servants to polling booths, whilst the owners of White farms, where over 20 per cent of the population live, were asked to "ensure" that their labourers voted. Mobile booths toured factories and the

so-called protected villages, where at least half a million people live surrounded by barbed wire to insulate them from the guerrillas.

One of the most striking features of the election is the extremely wide geographical variation in voting patterns—illustrating in very broad terms the extent to which the Salisbury Government and the guerrillas hold sway in various areas.

Thus the heaviest voting was to be found in the three provinces of Matabeleland, comprising a belt across the north of the country, in two of which the number of votes cast exceeded the estimated total voting population. It is an area which includes Salisbury, many white farms, a large number of protected villages and many auxiliary forces loyal to the Salisbury Government.

At 46 per cent, polling was much lower in Matabeleland, down the eastern border with Mozambique, despite the fact that this is the home area of both Bishop Muzorewa and Mr. Sithole. It has been strongly infiltrated by guerrillas, as has Victoria Province in the south-east, where only 36 per cent of the population went to the polls.

Most revealing of all, a mere 30 per cent of voters cast ballot papers in Matabeleland South, the home area of Joshua Nkomo. For the most part, his Ndebele/Rangala people, who comprise about 20 per cent of the population, seem to have shunned the polls.

In view of all the Government's efforts to get a high turnout, this demonstrates a considerable guerrilla hold over large tracts of countryside.

If the first lesson of the election is that people want peace, the second is that peace looks like being a long time coming.

S. Africa gags news on its oil supplies

By Quentin Peel in Johannesburg

SWEEEPING LEGISLATION to prevent the publication of any information about South Africa's oil supplies, as well as other strategic industries, has been introduced in Parliament in Cape Town.

The draft law lays down jail terms of up to seven years, or fines of up to R7,000 (\$4,100) for anyone publishing information about the "source, manufacture, transportation, destination, storage, quantity or stock level of any petroleum product" acquired or manufactured in the republic. The same penalty covers any information falling under the National Supplies Procurement Act, the law introduced last year allowing the Minister of Economic Affairs to commandeer production of strategic goods and commodities.

The measure extends the effective South African censorship system, already applying to the whole nuclear field, as well as to defence and prisons, to a new area of industrial activities. While the Government has so far held off from introducing a Press Bill, specifically to control the Press, it has instead introduced controls in a range of specific areas which have the same effect.

The Bill, introduced by Mr. Chris Heunis, the Minister of Economic Affairs, fits in with the Government's strategy of preparing for a "total onslaught" not just in the military field, but also in the economic. Although the law need not be invoked immediately, it would obviously be used if South Africa were facing any form of economic sanctions.

Iran gunmen assassinate former chief of staff

BY ANDREW WHITLEY IN TEHRAN

IRAN'S first political assassination since the February revolution occurred in Tehran yesterday when gunmen killed General Mohammad Vahid Qarani, the former chief of staff of the armed forces, who was forced to resign last month.

There was no immediate indication of who was responsible, although suspicion is concentrated on one or other of the extremist Marxist factions which are committed to armed struggle. The shooting has shocked many in Tehran since security for most prominent political figures is lax.

Two men armed with sub-machineguns called at the General's house yesterday morning. One held workmen at bay while the other climbed the garden wall and opened fire on

the former chief of staff. The general, who was in his late 60s, died in hospital after an emergency operation. A workman was also shot and injured.

Why Gen. Qarani should have been picked out for assassination was not clear as he had played no political role since his dismissal four weeks ago, after only five weeks in office.

A senior officer under the Shah a decade earlier, his plans to rebuild a conventional army and his public recognition of the need for some foreign military advisers, made him a controversial figure. Left-wingers mounted a vociferous campaign to force his dismissal.

It is suggested that the killing may be intended as a warning to the Government and to Ayatollah Khomeini about continuing left-wing opposition to the reconstitution of the army.

Meanwhile, the Government remains preoccupied with the fighting in Iranian Kurdistan. Clashes in the town of Naqadeh have gone on for four days, claiming 150 lives and leaving 500 injured, according to the state radio. The trouble is reported to be spreading to other villages and towns in the area.

Attempts were continuing yesterday to persuade those involved to adhere to Sunday's ceasefire agreement which was broken within hours of coming into force.

To add to the authorities' difficulties, the senior religious leader of the country's Arab minority, living in the vital south-western oil region, has chosen this moment to threaten to leave Iran if "Arab rights" are not recognised within a fortnight.

Uganda sends mission to Nairobi

BY JOHN WORRALL IN NAIROBI

THE FIRST Uganda mission to visit Kenya since the overthrow of President Idi Amin arrived in Nairobi last night. The mission, led by Mr. Otema Alimadi, Foreign Minister in the Government of President Yusef Lule, is to have talks with President Daniel Arap Moi of Kenya and Dr. Mwangi Waiyaki, Kenya's Foreign Minister. They are expected to cover a range of subjects including future co-operation between the two countries and trade relations.

Immediately the road from Kampala and Jinja to the Kenya border is cleared and rail and road communications are renewed, essential goods, including oil, will start moving from Kenya's stocks of fuel. Thousands of gallons of fuel and other consignments are piling up at the Kenyan border town of Malaba.

It is expected that the two Governments will also deal with the question of the future of the fugitives loyal to Idi Amin who have fled to Kenya. Many of them are wanted for trial as war criminals in

Uganda. There is no extradition treaty between the two countries, but it is expected that Kenya will hand the wanted men over to the Ugandans.

One of the fugitives is Major Bob Astles, Idi Amin's British-born adviser on security, who is being held by the Kenyan police.

Members of the Uganda mission to Nairobi include Mr. Akena F.O. Ojok, Minister of Energy and Communications, and Mr. Ateker Ejalu, Minister of Information and National Orientation.

The Tanzanian and Ugandan force which took Jinja on Sunday, assuring the safety of the Owen Falls dam and power station at the Nile source, is pushing on towards Tororo, near the Kenyan border. The capture of Tororo will ensure the safety of the road from Kenya.

Latest reports indicate that Amin may still be in Uganda, digging in with a considerable force at Arua in the North, near the border with Zaïre. Diplomats here confirm that he was in Iraq recently asking for arms to continue the struggle.

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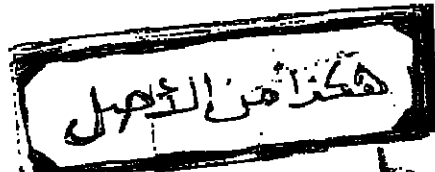
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Notice to Investing Members

The Society's Annual General Meeting will be held at Halifax Civic Theatre on 21st May 1979 at 2.30 p.m. Notice of Meeting and copies of the Annual Accounts have been sent to members by post in accordance with the usual practice.

Because there are still some delays in delivery of post, especially in the London area, some copies of those documents may be received by Members later than normally. Copies of the Notice of Meeting and Accounts are available to Members at the Society's branch offices and agencies between now and the date of the Meeting.

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Brown to brief NATO Ministers

By Reginald Dale

MR. HAROLD BROWN, the U.S. Defence Secretary, will today brief NATO Defence Ministers on latest developments in Washington's nearly completed strategic arms limitation negotiations with the Soviet Union (SALT II). He will want to be reassured of their continued backing in the Administration's uphill battle to secure ratification of the agreement by the Senate over the coming months.

The leaders of France, Germany, and the UK have already approved the overall lines of the SALT II agreement at their Chateau de Versailles meeting with President Carter in January. Since then there has been progress on a number of important technical points which Mr. Brown will want to explain to the U.S. allies.

European disapproval of all or part of the package could have a serious, if not fatal, impact on the agreement's chances of ratification.

The two-day meeting of the alliance's Nuclear Planning Group, which starts at Homestead Air Force Base in Florida today, is being attended by Ministers from the U.S., the UK, Germany, Italy, Canada, the Netherlands, Norway, and Turkey.

After listening to Mr. Brown the Ministers are likely to go on to examine negotiating procedures for the next round of strategic arms limitations talks (SALT II), in which the European countries are expected to be much more closely involved.

The Ministers will discuss a West German proposal that a special SALT II working group be set up inside the alliance. A major problem will be to find a way of representing European interests in the negotiations, which will include nuclear weapons based in, and targeted at, West Europe for the first time.

Germany, and probably the UK, would like a seat at the negotiating table. Next, the Ministers will turn to the sensitive issue of the modernisation of the alliance's nuclear forces in the European theatre, in the hope of clearing the way for final decisions later in the year.

President Carter 'ill-advised and unprepared'

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER has come under fire in a largely critical article published by his former chief speechwriter for a lack of vision and inability to explain his goals, made worse because he was ill-prepared for the Presidency when he took office in early 1977.

The article in *Atlantic Monthly* was written by Mr. James Fallows who was responsible for drafting Mr. Carter's policies for public and congressional consumption from 1976 to autumn last year when he resigned. He comments that the President "holds explicit, thorough positions on every issue under the sun, but he has no large view of the relations between them."

In no area has Mr. Carter had more problems than with Congress—the two are shortly to join battle on the President's request for a windfall profits tax on the oil companies. Mr. Fallows attributes the President's setbacks on Capitol Hill, such as on tax reform or energy policy, to the fact that Mr. Carter came to Washington with no clue about "how Congressmen talked, worked, and thought, how to pressure them without being a bully or flatter them without seeming a fool."

Nor does Mr. Fallows think that Mr. Carter, whom he regards as one of the most moral and intelligent Presidents of this century, has learnt much "on the job" because he has surrounded himself in the White House with a coterie of equally ineffectual fellow Georgians.

He weakened himself by giving the aides pay raises after preaching economy in government, by not probing the affairs of Mr. Bert Lance, his friend and Budget Director, and by not seeking a broader political base for his energy programme. Mr. Fallows writes. No advisers are close enough to the President to criticise him, he says.

President Carter and Dr. James Schlesinger, the Energy Secretary, worked out a "political energy plan" in a "political

vacuum," he says. "To Carter and Schlesinger, solving the energy problem must originally have seemed like solving a cube root. Once they had the right answer, they thought their work would be done."

Much of Mr. Fallows's comment will be seen as the political maturing of a young man who was only 27 when he got the top speechwriting job in 1976. He clearly thought highly of Mr. Carter: "If I had to choose one politician to sit at the pearly gates and pass judgment on my soul, Jimmy Carter would be the one."

The White House has not commented on the article, of which a second installment is promised. But it will not improve the President's view of his speechwriters, two of whom have expressed their disillusion publicly after resigning.

Mr. Carter has also had to contend with the often hostile criticism of Mr. William Safire, a former Nixon speechwriter and now a New York Times columnist.

Mr. Fallows makes a point which is now obvious to many, that while President Carter is excited by foreign policy problems, his eyes glaze over when it comes to many domestic policy issues. But in foreign affairs, "he fails to project a vision larger than the problem he is tackling at the moment," Mr. Fallows says.

This has import for the passage of the planned SALT treaty and next year's Presidential election campaign, in which Mr. Carter seems almost certain to run. "Because Carter cannot explain what he is doing, he is an easy mark for a Moynihan or a Reagan or a Connally who can speak with passion about the decline of American power."

Mr. Connally and Mr. Reagan are two Republican contestants for the Presidential nomination, while Senator Moynihan is one of the group of Right-wing Democratic Senators opposed to the SALT II treaty.

Monetary reform plea from Latin America

By Hugh O'Shaughnessy in La Paz

THE 18th session of the UN Economic Commission for Latin America (ECLA) meeting has developed into a skirmish between the developing countries and the industrialised nations—on the eve of next month's negotiating battle between north and south in Manila.

The Latin Americans have attacked what they see as the growing protectionism of the industrialised world and have called for sweeping reforms of the world monetary system. The industrialised countries, represented by the U.S., Britain, France, the Netherlands, and Canada, have expressed a desire for consensus on a major world economic problems but have rather wearily rejected Latin America's demands.

Dr. Enrique Iglesias, the ECLA executive secretary, underlined the urgency to redistribute income more progressively in the region. If present trends continued, he said, the number of Latin Americans below the poverty line would have increased in absolute terms by the end of the century and the gap between rich and poor would be alarming.

At present, he said, some 40 per cent of Latin Americans were below the poverty line and 19 per cent living in absolute indigence. The eradication of poverty would demand the reassignment of only 6 per cent of the personal income of the region.

Dr. Iglesias argued that the growing prospects for the region were bright, despite the present sluggishness because of its large share of the world's natural resources, low level of cultivation, and increasingly skilled workforce.

Hugh O'Shaughnessy reports on a city which inspires enormous respect but very little love

Brasilia—two decades on

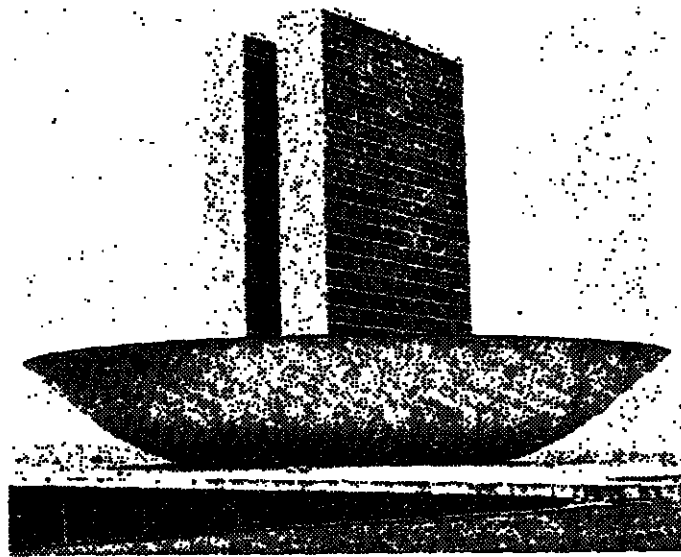
THE celebrations surrounding the accession of General Joao Baptista Figueiredo to the Presidency of Brazil in Brasilia last month confirmed the impression of many people, including the writer, that Brazil's capital is a city which commands enormous respect but, as yet, very little love.

Nearly two decades after its principal buildings were inaugurated in 1960 by President Juscelino Kubitschek, the city has certainly done much of what its founders hoped it would do. With around 1m inhabitants, it has a personality and an importance of its own. It is undoubtedly the centre of political power in Brazil, the place where the President lives when he is not touring, the command post of the armed forces, and the seat of the Congress. Its newspapers are becoming steadily more powerful and its university, though kept on a politically tight rein, has attracted some of Brazil's leading intellectuals.

For some years now all the embassies have had their headquarters in Brasilia. Work on the permanent British Embassy buildings will start in late August or September. It will take its place between the impregnable compound put up by the Soviets and the graceful edifice erected by the French.

No news gathering organisation can afford to ignore Brasilia and the Foreign Press Association has finally decided to quit Rio de Janeiro and settle in the capital. Rio, the former capital, has been the principal sufferer from the rise in Brasilia's importance.

Though still a city which is very proud of its beauty and style of life, Rio has lost its legislative function and has seen its financial role subordinated to the industrial



Glyn Genuin

The Congress building dominates Brasilia's skyline.

monster Sao Paulo.

The rise of Brasilia has helped shift the pole of Brazilian development towards the unexploited interior of the country, as had been planned since the idea of an inland capital was first conceived in the earliest years of the last century.

Brazilians no longer think of their country principally as a ribbon of land between the south Atlantic and the jungles and savannahs of inland South America. A great part of that change of attitude has been due to Brasilia.

As the city moves into its third decade it will become more important than ever, but in the day-to-day conditions of life that it offers its citizens it

is less successful. The principal creator of Brasilia was the architect Oscar Niemeyer, a Marxist-Leninist who went on to design the headquarters of the French Communist Party in Paris. He complained that it was not his fault if his main commissions came from capitalists.

It is perhaps not fanciful to see more than a smattering of Leninist dogmatism and elitism in his creation. The various activities which make up the city's life are segregated into distinct "sectors," the hotels in one spot, trade in another, the banks in yet another, the ministries along the main esplanade which looks like an arrow pulled across the gently curving arcs of the main north

and south highways, which make up the bow. Built as a city for cars, Brasilia is capital of a country where the vast majority of the population can never aspire to owning one.

Here and there pedestrians have worn away paths between the principal buildings. The tracks are a mute protest against roads hundreds of yards wide with few pavements.

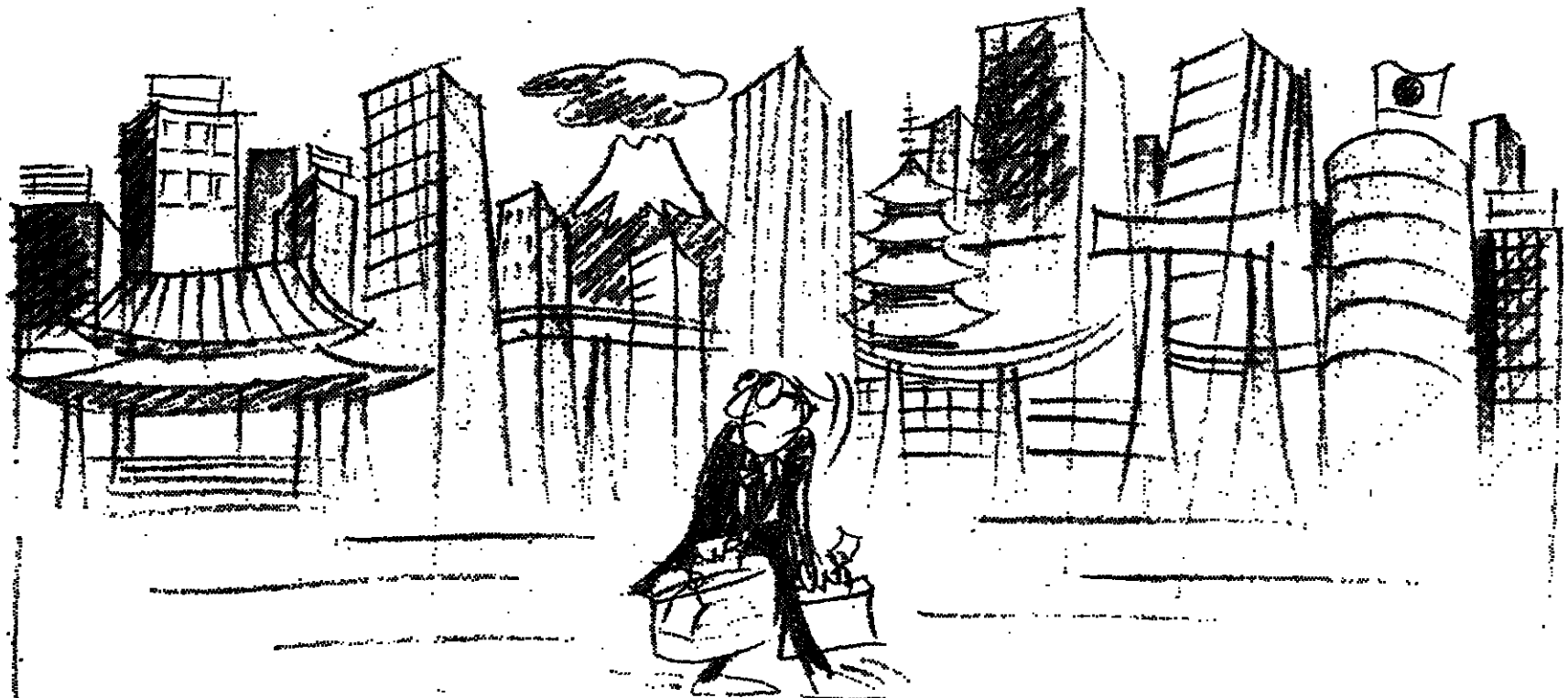
Though it may not have been what Niemeyer wanted, housing in the centre of the city has been quickly snapped up by the wealthier Brazilians. The number of flats designed for workers and still in their hands is small.

Most live in the satellite towns, Guara, Taguatinga, Brasilia and Ceilandia. The latter was originally built for the slum dwellers who lived by the lake in Brasilia, fast being polluted by sewage and garbage. Only a few of Ceilandia's straight streets are paved.

The bus journey between Ceilandia and Brasilia can take more than an hour in each direction, a big burden on the working day of the commuter. In the city itself the complaint that there is very little to do after work is slowly being answered. The principal theatre is now in use, there are some cinemas and there are clubs with premises around Lake Parana.

Despite that many people who can afford a weekly return trip on the "air bridges" to Rio, and Sao Paulo take the opportunity to leave at the weekend. A teacher at the University of Brasilia commented to me: "I keep happy by travelling abroad as often as I can, half a dozen times a year." Few inhabitants of Brasilia can do that, fewer still in Taguatinga.

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Court bans savings transfers

BY STEWART FLEMING IN NEW YORK

THE UNITED STATES Court of Appeals has ruled that it is illegal for savings and commercial banks and thrift institutions automatically to transfer funds from savings to deposit accounts.

This decision threatens a rapidly growing and attractive service which banks and savings institutions have been offering to consumers since November 1 last year.

The automatic transfer facility which, in part, is a spin-off from computerisation of bank operations, has enabled banks to circumvent regulations, preventing them from paying interest on demand deposits.

In effect it allows the banks to pay interest of 5 per cent on consumer deposits in the banks by automatically transferring funds from interest bearing

savings accounts to demand deposit accounts in order to cover withdrawals.

The Appeals Court has determined that the automatic transfer systems "an continue to operate until January 1 in order to give Congress time to change if it wishes the laws prohibiting interest payment on demand deposits."

The court said the transfers could have a deleterious impact on the financial community and blur the distinction between different types of financial institutions.

The court also said there was no statute permitting federal bank regulators to authorise the introduction of these services as they did in February last year.

The decision then by the Federal Reserve Board among

others to permit automatic transfers brought an outcry from the savings industry and a legal challenge from the League of Savings Associations. This was one of three suits the court was ruling on.

But the impact of the ruling to allow automatic transfers was to alter the competitive balance between various deposit-taking institutions. Now that this has been overturned, the issue is likely to be thrown into the legislative process.

Already a wide range of regulations dealing with the powers of financial institutions is under review, including for example the Regulation interest rate ceilings, the terms on which savings accounts can be opened and the Federal Reserve Board's reserve requirements.

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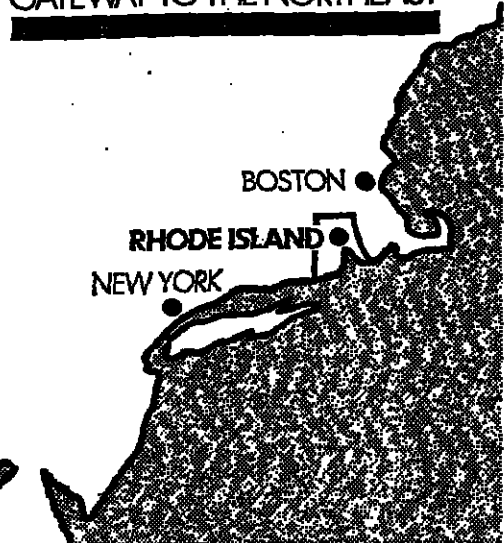
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WORLD TRADE NEWS

JAPANESE PROCUREMENT POLICY

Liberalisation likely to benefit U.S.

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN APPEARS to have decided to open some \$7bn (£3.5m) worth of Government procurement tenders to foreign participation as part of its final trade liberalisation package for the multilateral trade negotiations.

It seems almost certain however that the offer will be a discriminatory one, in the sense that European companies will be excluded from all or part of the tenders involved. The main beneficiary will be the U.S., which has made the liberalisation of Government procurement the spearhead of its recent efforts to open the Japanese market to U.S. exports.

The U.S. began discussing procurement liberalisation with Japan last summer after announcing its own proposal to grant foreign companies access to \$10bn-worth of Government tenders.

Japan's initial offer was to liberalise \$3.7bn-worth of tenders, but this was raised early this year to \$5.1bn.

Japan's latest and apparently final offer has been made in the face of U.S. warnings that the Tokyo summit of developed countries' heads of state cannot be expected to succeed without drastic action before the summit to adjust Japan's trade surplus with the U.S.

The new Japanese liberalisation package is understood to include about \$5bn in government tenders plus an additional \$2bn worth of state corporation tenders.

The most significant difference between the offer and previous Japanese proposals is the liberalisation of tendering for "main line" commun-

cations systems purchased by Nippon Telephone and Telegraph the state telecommunications entity.

Japan claims to be the only participant in the Geneva GATT talks to have agreed to liberalise procurement by a state telephone corporation. The decision to do so involved the government in a battle with NTT which ended last week in the NTT president deciding to resign.

The US has not had to face the question of liberalising state telecommunications tenders since its telephone system is privately operated. EEC member countries, including the UK and West Germany, continue to operate tightly controlled procurement systems

which reserve almost all major orders to domestic suppliers. Because of this the EEC avoided making an issue out of procurement.

Japanese officials stress this point as the main reason why European companies cannot expect to be added to the list of those eligible to bid for NTT orders (assuming the liberalisation proposal is adopted). They also hint strongly that the EEC's overall GATT package is unsatisfactory as far as Japan is concerned, particularly after the last minute cancellation, two weeks ago, of a European offer to withdraw bilateral import restraints on 33 Japanese export items.

Whether the Japanese offer is accepted by the U.S. will depend

in part on the "quality" of the offer—that is on whether the items destined for open tender are felt to include products in which U.S. industry is competitive. U.S. officials recall a remark by the NTT president to the effect that his corporation might allow foreign companies to tender for "mop buckets and concrete telephone poles."

The Japanese offer is to be presented to the U.S. in the next day or so through the Japanese Embassy in Washington. If it is accepted, or is felt to be within reach of what would be acceptable, the U.S. special trade negotiator Mr. Robert Strauss will probably make plans for an early visit to Tokyo to put the seal on the U.S.-Japan trade negotiations.

Motor industry in UK talks

BY CHARLES SMITH, FAR EAST EDITOR

JAPAN WILL be asked to fulfill its pledge to export "prudently" to the UK when representatives of the British and Japanese motor industries meet in Tokyo today for a twice-yearly review of the market.

The UK team, from the Society of Motor Manufacturers and Traders (SMMT), will be headed by Sir Barry Heath, the current President. The Japanese delegation will be led by Mr. Eiichi Toyoda, president of Toyota Motor and of the Japanese Automobile Manufacturers' Association (JAMA).

Japan accounted for 9.06 per cent of UK car registrations during the first three months of

1979, a substantially lower figure than the 11.5 per cent share it won during the same period of 1978 and the figure of 10.96 per cent recorded for 1978 as a whole. This should mean that today's talks will be conducted in a fairly relaxed atmosphere.

Another reason why the talks are likely to be low key is that neither side wants Japanese car exports to figure as a political issue in the current British election campaign.

Today's talks (like previous sessions) will be attended only by representatives of the two countries' motor industries—not by officials. Britain's Department of Trade and

Japan's Ministry of International Trade and Industry will, however, be keeping a close watch and could be called upon to "clarify" the results of industry level discussions if any hitches occur.

The cuts in shipments made by Japanese exporters last November and December were reflected in Japan taking an unusually low share of UK registrations in December and January (7.79 per cent and 8.73 per cent respectively). Since January there has been some recovery in both shipments and registrations, but not to a level which seems likely to cause any immediate concern in Britain.

Iran stops order for W. German submarines

By Jonathan Carr in Bonn

IRAN HAS finally cancelled the order for six submarines it placed in West Germany last year—before the unrest which swept the Shah from power.

Although far from unexpected, the news is a severe blow both to the hard-hit German shipbuilding industry and to the branches which keep it supplied. The deal would have guaranteed hundreds of jobs into the 1980s and substitute business will be hard to find.

The six vessels of the 209 class—each of more than 1,000 tonnes and a speed of over 20 knots—were to have been built by Howaldts Werke-Deutsche Werft, part of the Salzgitter Group. The order was worth over DM 1bn (£265m) to the company and several million Deutsche Marks to more assorted subcontractors.

Salzgitter has now revealed that the order has been cancelled. Talks will be held with the Iranians on compensation payment since some construction work has already been done.

Much the highest single area of outstanding business between West Germany and Iran—the construction of nuclear power stations—still remains uncertain, though hopes here are far from high. Kraftwerk Union (KWU), the wholly-owned Siemens subsidiary, feels it will be able to complete the two nuclear power plants already being built in Iran. Construction is far advanced and it is thought unlikely a final halt would be called now.

But there is little optimism over prospects for building four other nuclear power stations in Iran, as envisaged in a letter of intent signed before the Shah lost power.

Loss of this deal would be a further serious blow to KWU, which has had no new nuclear power station order either at home or abroad for 3½ years.

Iran's national airline, Iran Air, has cancelled outstanding options on two Concorde airliners, according to the state radio. Iran Air's \$200,000 deposit on the aircraft is expected to be refunded by the UK Government, the Iran Radio report said.

World steel production up 9% in first quarter

BY GILES MERRITT IN BRUSSELS

A SHARP rise in world steel production last month has lifted output to its highest level since October 1974. According to figures published in Brussels by the International Iron and Steel Institute (IISI), crude steel production in March reached 42.65m tonnes which marked an advance of more than 10 per cent on the same month last year.

The IISI, which groups 29 countries but does not include the main Communist producer nations, comments that the latest output figures indicate "the continuing firmness of steel demand in most areas." It notes that for the first three months of 1979, crude steel production rose by 9.2 per cent over the first quarter of 1978, giving a cumulative total of 119.57m tonnes.

But the Brussels-based Institute added that Common

Market countries have not shown the same increases in demand as the U.S. and Japan. Its statement notes that the general firmness is "with the possible exception of the EEC, where the growth rate for the three months was 4.4 per cent."

The figure for the European Community was in fact raised considerably by West German and Dutch performance. Last month, because of the German industry's efforts to catch up on production losses caused by the country's steel industry strike, output increased 13.2 per cent. For the overall three-month period West German steel production rose 6.4 per cent over the same 1978 period, while the figure for Holland was 8.7 per cent and for Belgium 7.8 per cent.

Among those EEC countries where the improvement has been less impressive, the UK regis-

tered a 1.6 per cent increase in steel output for the first quarter, while that of Italy was 1.4 per cent. France registered a 2.9 per cent drop in output in March owing to strikes over the rationalisation of the Lorraine steel industry, while the average production rise for the January-March period 1979 was 3.5 per cent.

The 29 countries that report to the IISI account for almost 99 per cent of non-Communist crude steel, and the first 1979 quarter's production rise of over 9 per cent compares with a 1978 rise of 5.6 per cent on 1977. Of non-EEC major producers, the most marked improvement in output for the first quarter of this year was recorded by Japan, with a 12.1 per cent rise. The U.S., together with other important producers such as Canada, Brazil, India and South Korea, chalked up 10.9 per cent.

UK companies hoping to win Mexican power deals

BY WILLIAM CHISLETT IN MEXICO

BRITISH MINING companies are making a strong showing in their bid to win contracts to supply equipment to the first coal mine in Mexico, which will be used to fuel a power station.

MICARE, the Mexican Government's company which is developing the mine at Rio Coahuila in the state of Coahuila in northern Mexico, recently received a flood of applications and is now in the process of inviting tenders which are expected to go out in the next two months.

Among the interested British companies are Dowty Mining, Gallick Dobson, F.S.W. and Dosco.

Projected investment to develop the mine is \$300m. (£155m) of which about 40 per cent will go to buying machinery and equipment—more than Britain's entire exports to Mexico in 1978 which totalled \$108m.

Dowty Mining is understood to have a good chance of winning some orders for power-generated hydraulic roof supports. The company stands to gain from the fact that, unlike some other interested firms, it has a joint venture in Mexico.

A price advantage of 15 per cent is being given to Mexican companies and also mixed companies where the bid includes at least a 40 per cent Mexican content. Dowty fits into the second category.

The National Coal Board's advisory arm is also trying to win orders for technological and design advice. It faces competition from Kaiser of the U.S. and its French equivalent Sofremines.

The coal mine has identified reserves of 177m tonnes, and will supply all its non-coking coal to the nearby power plant being built by the Federal Electricity Commission. The power plant will be in full operation by 1984, generating 1,200 megawatts.

Mexico doubled the value of its exports to Spain in 1978 and achieved its first trade surplus with its mother country, for a long time.

Exports totalled \$114m compared with \$56m in 1977, while Mexico's imports from Spain amounted to \$94m against \$87m in 1977.

The surplus of \$19m was achieved because of the oil which Mexico is now exporting to Spain.

PEMEX in oil trade talks with France

By Terry Dodsworth in Paris

A MEXICAN trade delegation is to hold talks with the French Atomic Energy Commission during a three-day visit which began in Paris yesterday.

The mission comes within a few weeks of the visit of M. Valéry Giscard d'Estaing, the French President, to Mexico. At that time the two countries signed a trade agreement which included French assistance in the development of the Mexican nuclear industry.

Included in the Mexican party is the head of PEMEX, the national oil company, which will be an increasingly significant supplier to France in the future.

The Mexicans are aiming to step up their oil exports in an effort to redress their trade deficit with France, which amounts to almost FF 1bn (£1.15bn) — FF 500m in exports against FF 1.4bn of imports.

Reuters reports from Washington: The Government of Mexico has decided to purchase 5,000 tractors from the U.S., consisting of 2,500 vehicles from Ford, 1,375 from International Harvester and 1,125 from Deere and Co.

BA discusses Peking flights

By Michael Donne, Aerospace Correspondent

THE POSSIBILITY of British Airways flying directly to Peking has strengthened as a result of "friendly and frank" talks between the airline and the Civil Aviation Administration of China in Tokyo.

Mr. Gerry Draper, commercial director of BA, met Mr. Li Shu-Fan, deputy director of the CAAC, and as a result, Mr. Draper said he was hopeful of further inter-Governmental talks soon, aimed at an agreement that would permit such services next year.

Italy and China sign cooperation pact

BY PAUL BETTS IN ROME

ITALY and China have signed a broad economic co-operation agreement aimed at boosting trade between the two countries.

The agreement was signed yesterday by Mr. Li Chang, the Chinese Foreign Trade Minister, who has just started a week-long visit to Italy, and Sig Gaetano Stammati, his Italian counterpart.

The agreement is expected to be followed by a \$1bn (£475m) Italian eight-year credit line to China, to be finalised next month.

During the last five years,

Chinese exports to Italy have increased from L75bn in 1973 to some L170bn (£58.8bn) last year. Italian exports to China have risen from L44bn in 1973 to L160bn.

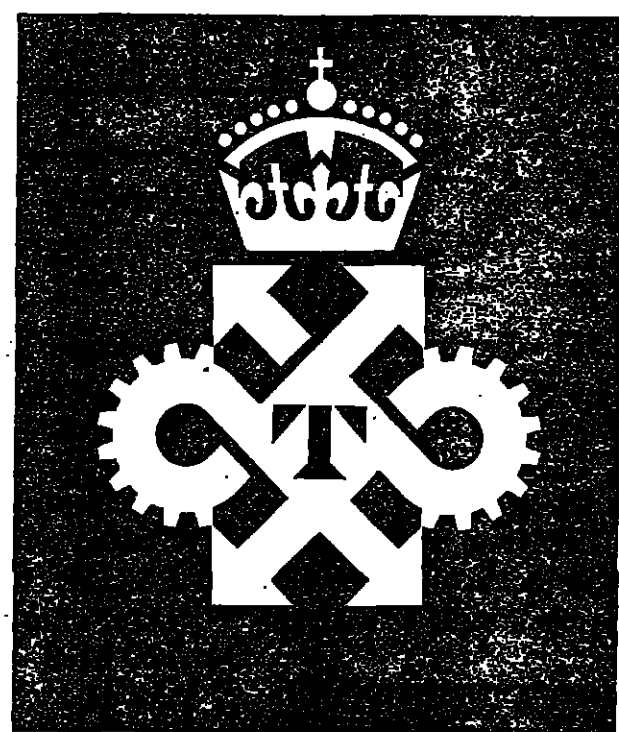
A number of Italian companies, including Fiat and Montedison, are also currently negotiating major deals with China. The Fiat deal envisages the construction of agricultural machinery plants in China worth an estimated \$600m.

At the same time, Italy has also agreed to grant a \$300m three-year credit line to Romania. This follows talks

here between the Italian foreign trade minister and Mr. Vasile Volosencu, the president of the Romanian Foreign Trade Bank.

Our Singapore Correspondent writes: China has placed a Sing\$53.3m (£12m) order for black and white and colour television sets with Philips Singapore, a subsidiary of the Dutch Philips group. The order is the largest single contract to be clinched by Singapore's electronics industry and follows closely the Sing\$20m television sets sale secured by Hitachi Consumer Products (Singapore) last month.

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هكاهن الثمهل

Ferranti Helicopter firm sold for £1m

By Michael Donne,
Aerospace Correspondent

CALEDONIAN AIRWAYS, the parent company of British Caledonian, has bought Ferranti Helicopters, in a deal worth about £1m.

Formerly part of the Ferranti group, the helicopter company, based at Shoreham Airport, Sussex, is to be renamed British Caledonian Helicopters, and will trade as a wholly-owned subsidiary of Caledonian Airways.

The fleet consists of four Bell Jet Rangers, three Bell Long Ranger helicopters, used on contract and general charter work, primarily for executive and business travel. The company has a staff of 26, including pilots.

The Caledonian Airways group plans substantial expansion of the company and will buy more helicopters. Mr. Charles E. Powell, formerly manager of international relations for British Caledonian Airways, has been seconded to the helicopter company as acting general manager.

As part of the expansion, a new base will be set up at Falmouth, Cornwall, in addition to existing bases at Shoreham, Cranfield, Bedfordshire and Edinburgh.

Mr. Adam Thomson, chairman of Caledonian Airways group, said yesterday that the group was committed to a policy of growth and diversification within the air transport and leisure industries.

"The acquisition of Ferranti Helicopters provides the group with a stake in the developing helicopter charter market, and is a logical progression of our aim to be involved in all aspects of air transport."

Mr. Thomson said that all Ferranti Helicopters staff would be employed by the new company.

Other members of the Caledonian Airways group, in addition to British Caledonian Airways itself, are Blue Sky Holidays, Caledonian Hotel Management, which runs hotels in Africa and Spain and Caledonian Air Motive.

The group recently announced a record profit of £12m for the year ended October 31, 1978.



Mr. Adam Thomson, chairman of British Caledonian Airways, after announcing the acquisition of Ferranti Helicopters.

Councils may bring in supplementary rates

FINANCIAL TIMES REPORTER

BIG PAY increases for teachers and other council workers may force many local authorities to introduce supplementary rates, the Association of County Councils said yesterday.

However, it would not bind itself to new pay settlements if central Government did not make the necessary adjustments in the Rate Support

Grants, said Mr. Carleton Hetherington, the association's secretary, speaking on the eve of its executive council meeting in London.

Teachers are seeking a 36 per cent rise, compared with the 9 per cent offered by the Government. The National Association of Local Government Officers wants a 22 per cent increase.

Jet parking fees row

THE British Airports Authority and Pan American World Airways are to discuss a debt of £4,198 which the authority claims is owed for aircraft parking fees at Heathrow during the winter when jets were snow-bound.

A High Court writ will be

served on Pan American if the cash is not paid.

Pan American says the fees are unreasonable. "Our own staff had to go out with shovels to clear the snow," said Pan American.

The authority claims the airline is acting arbitrarily in withholding the fees.

Motorcycle registrations increase by 5%

REGISTRATIONS of motorcycles over 50 cc increased by 5 per cent in March compared with the same month last year, according to provisional figures from the Department of Transport.

In March 14,234 motorcycles over 50 cc were registered compared with 13,461 in the same month last year.

There was a slightly higher percentage increase in the number of motorcycles below 50 cc registered. This category increased from 2,979 last year to 3,972 this March.

Registrations of machines under 50 cc came to 9,254 compared with 7,672 last year while registrations of machines over 50 cc fell to 30,448 compared with 33,336 between January-March last year.

Pub managers in closing call

DELEGATES to the annual conference of the National Association of Licensed House Managers are being asked by their executive to support a resolution refusing to keep public houses open after 11 pm.

The union's action is intended to forestall any attempt, because of Common Market membership, to liberalise opening times.

Insurance brokers must have indemnity cover

BY ERIC SHORT

BEFORE ANYONE registers and trades as insurance brokers they will have to be covered by professional indemnity insurance for at least £250,000, according to the latest requirement published under Section 12 of the Insurance Brokers Registration Act 1977.

The rule comes into effect on July 1.

Professional indemnity insurance gives cover against the financial consequences of mistakes. Up to now it has not

been obligatory for insurance brokers to be covered, unless they were members of Lloyd's or a professional association.

The insurance must represent at least three times the annual amount of brokerage — the commission from insurers and other sources of income. Brokers will have to produce the insurance policy in order to register.

The order also provides for the payment of grants to those who have suffered loss from negligence, fraud or other dishonesty.

The Registration Council, which was set up to administer the Act, can levy members in order to meet compensation payments. The grants would be paid to individual members of the public and unincorporated bodies. But the council can make discretionary payments to corporate bodies.

The Insurance Brokers Registration Council (Indemnity Insurance and Grants Scheme) Rules Appraisal Order 1979 (SI 1979/408).

BSA launches two mopeds

BY LISA WOOD

TWO 50cc sports mopeds aimed at "the younger generation" have been launched by BSA, the former Norton Motorcycles.

Called the BSA Brigand and the BSA Beaver, the mopeds are the first machines to be produced at the NVT co-operative's Birmingham factory under the trade name of BSA.

Although the designs of the mopeds are exclusively English, most components come from EEC countries. As production builds up, the company intends

to manufacture an increasing proportion in the UK.

Mr. Dennis Poore, chairman of BSA said: "Over the past year or so, demand for mopeds has fallen."

"But we hope that these new machines will help reverse the trend and popularise a method of mechanical transport which is the cheapest known to mankind, both in terms of money and energy consumption."

"This introduction represents one more step in the rehabilita-

tion of the NVT group and our efforts to recreate a motorcycle industry after the catastrophic actions of the present Government in 1975, from which we have not yet fully recovered."

Mr. Poore said that the company would trade under the style "BSA Company" in conclusion of arrangements with the liquidation of Norton Villiers Triumph Manufacturing whereby the NVT group could stay in existence and use the BSA rights and trademark.

Justice police powers plan is odd mixture

BY A. H. HERMANN, LEGAL CORRESPONDENT

A REPORT, *Police Powers and the Prosecution Process*, published today by Justice, contains an odd mixture of recommendations, some plainly common sense, some controversial, and some seemingly based on an experience of life as it was in the good old days we no longer remember.

Justice, the British Section of the International Commission of Jurists, has in the past rendered a valuable contribution to the discussion of law reform, and civil and criminal procedure in particular.

Its present report is not as comprehensive as past publications would lead one to expect because it was drafted as Part One of evidence to the Royal Commission on Criminal Procedure, and consists mainly of comments on earlier evidence

by the Metropolitan Police Commission and by the Superintendents' Association for England and Wales.

Justice questions that consequences of breaking the rules by police will normally be brought to light and corrected by the courts. Its main recommendations aim at restricting police freedom of action in the pre-trial period. These proposals, controversial at any time, are likely to be more so in the election period.

Recommendations likely to be more generally acceptable include "more use of written cautions when dealing with trivial offences; that fixed penalties — "tickets" — be extended for less serious traffic offences, leaving of litter, and faredodging."

In this category falls also the

suggestion that overseas visitors be prevented from escaping payment of parking fines by having the front wheels of their vehicles locked until they report to a police station.

A more serious proposal, likely to receive support from many quarters, is that England and Wales cease to be the only European country where criminal prosecution is left in the hands of the police.

Justice proposes a "Department of Public Prosecutions" responsible, like the Procurators Fiscal in Scotland, for decisions to prosecute and prosecutions in all except trivial and routine offences. The line to be drawn by the Director of Public Prosecutions.

It should be entirely independent of the police, have regional offices, be the ultimate responsi-

bility of the Attorney-General, and be entitled to take statements from witnesses and suggest additional lines of inquiry to the police.

The Metropolitan Commissioner devoted 17 pages of his written evidence to difficulties in using tape-recorders to interview suspects or take their confessions down.

He found little in favour of the system, but Justice is all for it. It proposed that police officers carry portable tape-recorders to record immediate reactions of the accused.

This seems to assume that policemen can become more dexterous in using the little machines than experienced newspaper reporters.

Pre-Trial Criminal Procedure, Justice, 95A, Chancery Lane, WC2, £1.50.

Money growth 'is above target'

BY DAVID FREUD

THE TRUE RATE of growth in the money stock has been significantly understated over the last year by the official sterling M3 indicator, according to City stockbrokers W. Greenwell and Co.

In its monthly bulletin published today the firm says that while the growth of money stock has been just within the 8.12 per cent target range in terms of M3, which covers cash and bank current and seven-day deposits, other indicators show it above the range.

In the first five months of the current 12-month target period M3 has grown at an annual rate of 10 per cent.

However, the Greenwell definition of M4, which adds non-bank private sector holdings of tax instruments and Treasury and commercial bills to M3, grew at an annual rate of 12 per cent over the period.

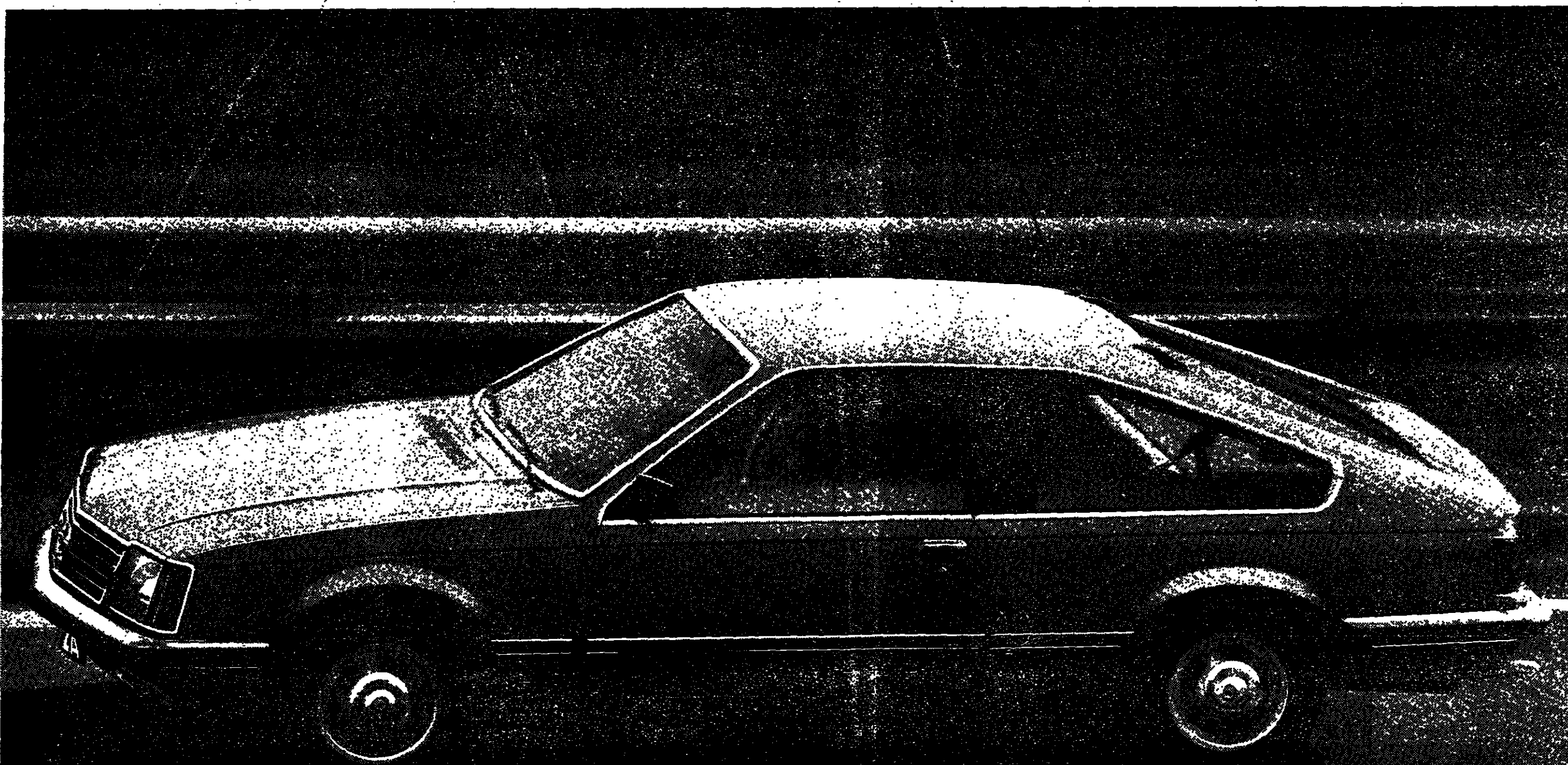
Sterling M5, which also includes shares and deposits held in building societies, grew at an annual rate of 14 per cent.

In the latest three-month period M3 grew at the annual rate of 12 per cent, while the comparable rise in both M4 and M5 was 15 per cent. Over the last 12 months the growth in M3 was 11 per cent, compared with 12 per cent for M4 and 13 per cent for M5.

The firm says that to compensate for the excessive buoyancy, monetary growth needs to be sluggish over the next few months.

The calls on already-sold gilt-edged stock are a major factor working in the right direction, it says. However, a likely large central government borrowing requirement in the month to mid-April and the recent inflow of funds from abroad, which is likely to percolate through to the money supply, are factors working in the opposite direction.

Together with recent strong loan demand and improved financial confidence, this means that the tendency for monetary growth to give cause for some concern is likely to continue.



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* Motor October 1978.

MONZA
by Opel

UK NEWS

Sasse plan put to Lloyd's

BY JOHN MOORE

A GROUP of eight Lloyd's of London underwriting agency companies met yesterday at Lloyd's to explore ways in which the Sasse syndicate can be helped to meet its £13.5m losses.

The eight agents had introduced more than 90 of the names to the 110-strong syndicate.

At the conclusion of yesterday's meeting they came to a decision on whether they should themselves pay the interest on a £7m loan facility granted to the syndicate by

the ruling committee of Lloyd's.

A proposal is to be submitted to the committee and a meeting of the syndicate is likely to take place next week.

Late yesterday many members of the syndicate did not know the outcome of the meeting.

But Mr. J. Benjamin, leader of the syndicate's action committee—which is planning to sue the Lloyd's committee unless more positive action emerges within Lloyd's to help the members

of the syndicate—said that "we consider the proposals so far of the committee of Lloyd's to be unrealistic and unfair."

The members of the syndicate are angry that they are having to pay interest charges on the £7m loan facility under the conditions imposed by Lloyd's.

The agents were discussing yesterday whether they should offer to pay the interest payments on any loan which the members may take up, and if they offered this facility whether it should be offered

as an interest-free loan, an interest-bearing loan, a gift, or even arranged at all.

On another front, the Lloyd's internal inquiry into the affairs of Brentnall Beard, the insurance broker which produced the North American fire and damage to property insurance that led to £10.6m of the total losses for the Sasse syndicate, is nearly complete.

A report is expected to be presented to the committee of Lloyd's within two or three weeks.

Plan to quicken airport systems

By Michael Dome, Aerospace Correspondent

THE WORLD'S airlines are planning a major campaign to make life smoother for their passengers and cargo shippers.

Mr. Knut Hammarskjöld, director-general of the International Air Transport Association, which represents more than 100 of the world's biggest scheduled airlines, said in Montreal that with passenger traffic expected to rise, on average, by 8 per cent a year through the early 1980s, it was necessary to streamline handling techniques.

He told the International Civil Aviation Organisation (the aviation technical agency of the UN) that this growth would bring virtual saturation of many existing airports, so that the streamlining of procedures would probably be the only way of coping.

The airlines would try to eliminate such obstacles as immigration and customs controls, long regarded as a "black spot" in passenger handling. Efforts also would be made to simplify and quicken security checks.

The airlines, said Mr. Hammarskjöld, would seek the national bodies concerned with tourism, trade, business and consumer interests, in developing and implementing an "action programme" to improve the flow of passengers and cargo.

On-the-spot discussions would be held with government bodies and airport officials at local, national and regional levels. It was hoped all would co-operate in view of the substantial potential benefits to be gained.

Deputy Governor leaves £27,975

SIR Maurice Henry Parsons, KCMG, of Tigbourne Cottage, Hambledon, Surrey, Deputy Governor of the Bank of England from 1965 to 1970, who died on July 24 last year, aged 68, left £27,975 gross, £26,719 net.

Accounting standards group needs 'reinforcement'

BY DAVID FREUD

THE Accounting Standards Committee would be strengthened by including eminent people from outside the profession, says the Institute of Chartered Accountants.

The institute calls for an improvement in the committee's stature so that it can assume a "senatorial" role, a bigger and better secretariat and closer ties with the council for the securities industry.

The institute believes that the Stock Exchange and the CSI should join with the

accounting profession in playing a greater role in monitoring accounting standards, "thereby strengthening the effectiveness of self-regulation to the benefit of all concerned."

The institute argues that if the ASC offered a limited number of seats to eminent people from outside accountancy, standards would become more readily acceptable to business.

Given the importance of the ASC's "senatorial" role, says the institute, its members must be relieved from the scrutiny

of technical detail.

The institute believes this will only be possible if the secretariat is headed by a very senior executive with substantial technical and management experience and if the support staff is expanded to match the need for proficient drafting.

The institute recommends that position papers should be published explaining alternative methods open to adoption in future exposure drafts and public comment sought before single options are eventually proposed.

Pension rights after changing jobs

By Eric Short

PEOPLE WHO change jobs should not expect the same pension as they would receive if they worked for the same employer throughout their lives.

This view was given by the Society of Pension Consultants in its evidence to the Occupational Pensions Board on the rights of pension scheme members after changing jobs.

The society said that any proposal to improve the protection of pension rights on changing jobs must take into account the cost of such improvements and who was going to meet them. It would be harsh to put the cost on the former employer, but also unfair to place the full burden on the new employer.

Go-anywhere bus fares frozen

THE PRICE of a day's unlimited bus travel through much of England and Wales has been frozen by the National Bus Company at £2.40 for adults and £1.50 for children under 14. These prices will be retained at least through this year's holiday season.

The "Wanderbus" tickets allow almost unlimited movement on more than 12,000 green and red buses.

Still vestigial Stock Exchange quote for English property

BY CHRISTINE MOIR

ENGLISH PROPERTY CORPORATION will continue to have a vestigial quote on the London Stock Exchange despite an overwhelmingly successful offer from Olympia and York, the private Canadian company owned by the Reichman brothers.

At the special meetings called yesterday to facilitate the technicalities of the bid, a group of institutions refused the offer for the 12 per cent convertible loan stock, and voted against the customary capitalisation issue of Ordinary shares which is an accepted

scheme for saving stamp duty. Olympia and York will, therefore, have to pay full stamp duty on purchase of EPC, amounting to £3m.

It will be required to retain the listing for the 12 per cent stock, which carries conversion rights into what will now be unquoted Ordinary shares up to 1984.

The early repayment dates in 1979 and 1981 will no longer apply, and Olympia will not be required under Bank of England rules to replace the loan with foreign currency. The group of institutions,

headed by Electricity Supply Nominees, had said that the offer by Olympia for their 12 per cent loan stock did not reflect the value of the right to convert into Ordinary shares.

In the light of the increased offers for the ordinary, they believed that the equity element in the loan stock had also increased.

The threat, carried out at yesterday's meeting, to withhold authorisation for the stamp duty-saving scheme, was a tactical move intended to persuade Olympia into a higher offer for the loan stock.

Fairey group makes £5.5m profit under NEB ownership

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE FAIREY group of engineering companies, which is considered one of the most likely candidates for a return to the private sector in the event of a Tory General Election victory, made a trading profit of £5.48m in its first year under National Enterprise Board ownership.

Trading profit as a percentage of average capital employed equalled 26.3 per cent in the year to December 31, 1978, comfortably exceeding the financial guidelines laid down for the

NEB as a whole. Turnover was £43.54m, making trading profit 12.6 per cent of turnover.

There are no comparable figures for earlier years, because the group did not exist in its present structure before January 4, 1978, when the NEB purchased certain assets of the old Fairey Company from the receiver. But Mr. Angus Murray, chairman, reports that an analysis of individual group companies suggests that both turnover and trading profits are

a significant improvement.

The profit has been struck before extraordinary items totalling £2.32m are deducted, these being the cost of closing the Tress engineering subsidiary and other disinvestment. The group does not plan to pay a dividend to the NEB.

More than half the assets of the group are employed at Fairey Engineering, based in Stockport, which makes defence equipment and products for the nuclear industry.

Islamic series starts well with Kevorkian items

BY ANTHONY THORNCROFT

FOLLOWING THE upheavals in Iran, Sotheby's must have approached its annual series of Islamic sales this week with trepidation and marked estimates down somewhat on those of past years when Iranian

SALEROOM

BY ANTHONY THORNCROFT

dealers, and the Shah's family, were active buyers. In the event the cautiousness was unnecessary for the first auction totalling £51,686 with only 1 per cent bought in.

The reason for the good results probably was that the

items yesterday morning consisted of oriental manuscripts and miniatures from the Hagop Kevorkian Fund. Kevorkian, a noted archaeologist had formed one of the best collections of oriental art, so the provenance was excellent. The top price was the £90,000, plus the 10.8 per cent buyer's commission and VAT, paid by Spink for a leaf from the "Demotte" Shahnama (Book of Kings) produced in Tabriz between 1330-1350. This is one of the last leaves of this most important illuminated manuscript in private hands. The price compares with the £100,000 for a similar leaf sold last year.

Refuse tip story cleared

A NEWSPAPER REPORT of a woman searching a rubbish tip for lost savings stamps caused her embarrassment and was inaccurate, the Press Council was told. She claimed that the reporter who telephoned her about the story did not disclose his identity.

The Council found that the complaint against the Cumberland Evening News and Star had not been made out. The paper reported that Mrs. Mary Hind, of Herbert Street, Carlisle, dashed to the rubbish tip believing she had put £100 electricity savings stamps in the dustbin. She later found them in her car.

She told the Press Council her telephone caller said he was "Andrew Leitch, Civic Centre," providing a statement by her daughter, who first took the call, that the caller did not reveal his identity.

Mr. J. V. Addison, the Editor, said that Mr. David Guide, acting news editor, was with Mr. Leitch when he saw Mrs. Hind, and heard him give his name and paper. He mentioned the Civic Centre, from which the information came.

The adjudication found a genuine conflict of recollection of what was said.

Doorstep pollsters must prove identity

By James McDonald

A NEW safeguard for housewives who worry about door callers representing themselves as pollsters for any particular organisation, but who may be criminals seeking to ransack the household, has been introduced by the Market Research Society.

The caller can be asked for proof of identity and he or she must produce an identity card, showing picture, name and signature and telephone numbers, including the local police station, to call for proof of identity.

This move by the society, representing most bona fide market research organisations in Britain, is designed to reassure householders that the caller is a bona fide investigator and not a minor criminal preparing a burglary.

About 30,000 cards have been issued so far and police in London yesterday welcomed the scheme.

Mr. Peter Neivens, deputy assistant commissioner of the Metropolitan Police and director of information, said that the Market Research Society's initiative was "a positive step to inhibit the increasing activity of the doorstep manipulators and criminals."

Last year there were at least 450 new pieces of legislation affecting trade in the EEC

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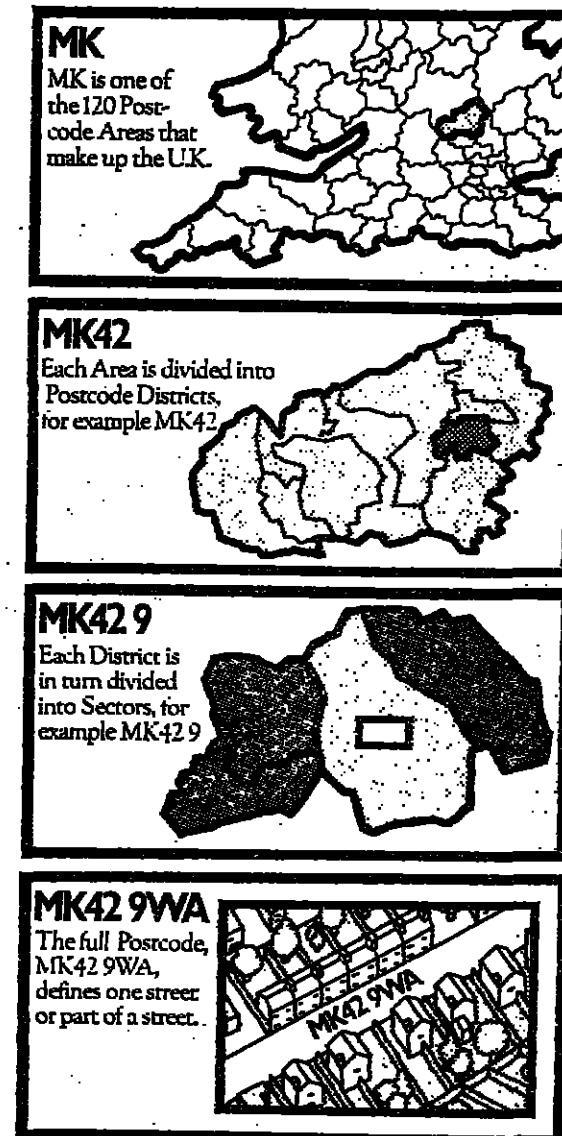
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UK NEWS

Rolls chairman calls for co-operation and better productivity

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE NEED for improved productivity at Rolls-Royce, with better co-operation between managers and workers and "less bloody-mindedness" all round, has been stressed by Sir Kenneth Keith, chairman.

In a speech to a recent meeting between himself and shop stewards Sir Kenneth said that the company's performance in all areas "is nothing like good enough."

"The principal key to a sure future is improved productivity—and trying to obtain increased productivity is like walking through oil, mainly due to inflexibility and to lack of co-operation on the part of some of you."

"Our costs are so high that there is very little difference between them and the price our customers are prepared to pay. Nor is our performance on delivery as good as it should be."

"Our customers will not continue to buy expectation in preference to performance, any more than you would when you buy a new motor car. Our customers have a choice of two other engine manufacturers, both highly competitive and highly competent and both located in the U.S."

Complacency

Sir Kenneth said the company has three options.

"First, we can follow the pattern that much of British industry seems to have followed in recent years—pretend that we do not live in a highly competitive world, press for the maximum reward for the minimum effort, and blame everyone else but ourselves for our failures."

"Second, we can continue pretty much as we have in the past: over-manned and inflexible, relying too heavily on promises to our customers, less vigilant than our competitors about the delivery and profitability of our product."

"The result would be less immediate but no less certain in the longer term: our performance would not match our promises, we would be starved of cash to invest in our future, and our final demise would be dragged out only by the demand for spare parts for our existing engines. This I regard as a hideous and unacceptable possibility."

"Our third course is to accept the full challenge of the opportunity we now have in our hands—the opportunity of a large but hard-won order book backed by the short-term stability of the Government financing package."

"Accepting this challenge means accepting the necessity for real change in the way in which we operate, greater flexibility in our methods of production, better co-operation between managers and those whom they seek to manage, greatly improved productivity, and less bloody-mindedness all round."

"The result would be regained customer confidence, a greater share of the market, and sufficient income to invest in research, new plant and in higher wages. It would mean a secure and prosperous future for all concerned."

"The national image overseas is on the whole bad—strikes, poor workmanship and bad deliveries. No wonder Boeing executives ask the question 'Can the Brits deliver?'"

"The Rolls-Royce image is fortunately much better than most of British industry, but if we fail Boeing, we will not get another chance and the eyes of the world's aerospace industry are upon us."

● The National Enterprise Board, which holds all of the Rolls-Royce shares on behalf of the Government, has appointed Mr. John Williams to be the head of the Rolls-Royce Support Staff in the NEB. He succeeds Mr. Robert Lickley, who retires on April 30.

Mr. Williams was formerly deputy chairman of Lucas Aerospace Holdings before being seconded to the NEB in April last year. He is head of the BL Support Staff in the NEB, and he will combine this post with that of head of the Rolls-Royce Support Staff.

The post involves close liaison with the Board of Rolls-Royce, and particularly the chairman, Sir Kenneth Keith, to ensure that all the company's policies are fully understood by the NEB, and that the company also understands the Government's attitudes.

Mr. Lickley has been with the NEB since 1976. Previously he was assistant managing director of Hawker Siddeley Aviation for 11 years.

Police reopen directory probe

FINANCIAL TIMES REPORTER

INQUIRIES INTO bogus trade directories are being reopened by Scotland Yard after suggestions that the publishers of some of them may have escaped prosecution.

Many businesses have been tricked by claims of wide publicity for their products both in the UK and abroad. If they advertise in a buyers' guide or directory.

Promises of large-scale distribution of such directories often fail to be met; either only a few copies are printed or they are mailed to people unlikely to be interested in the products advertised. Some-

times, exceptionally, they are never printed.

Scotland Yard has now launched a secret inquiry to find whether some of the "back street" publishers, who often change their addresses, may have tried to hinder studies of their activities.

The Yard probe, which is being conducted by senior officers in its Complaints Investigation Bureau, under Commander John Cass, is likely to last several months.

It follows suggestions that one phoney trade-directory publisher had made cash or

other offers to a Scotland Yard officer to try to have inquiries against him dropped.

The matter was promptly reported to superior officers. As a result several officers who have worked in the Fraud Squad or other sections of the police are likely to be asked whether there have been similar approaches.

The inquiry will go back 15 years in order to establish the full extent of any possible corruption bids. Some officers who have now left the Yard may have to be interviewed. The dividing line between

bogus trade directories and those which are merely ineffective is very narrow. It is recognised within Scotland Yard that some officers may in the past have taken the view that public time and money ought not to be spent on lengthy inquiries, where successful prosecutions were unlikely to emerge although the need to keep constant check on the deception of businessmen is always accepted.

Bona fide trade directories are not involved in the Yard inquiries.

Sir Leon Bagrit dies at 77

SIR LEON BAGRIT, former chairman of Elliott-Automation, has died aged 77.

For 10 years until 1973, under Sir Leon's control, the company handled 60 per cent of the British market for automatic control valves, heating and ventilating controls.

At one time the company manufactured most of Britain's co-operated telephones and handled much of the systems engineering and hardware for Richard Thomas and Baldwins' Spencer Works in Wales (now the Llanwrnwl works of British Steel Corporation).

He urged governments in the 1960s to give companies generous tax incentives in order to re-equip, re-model and rebuild their plants, backed with a full-scale government campaign of training and advice.

Training and re-training, Sir Leon said, was vital. "The pace of technical change is so fast that we must be prepared for a man to change not only his job, but his entire skills, three or four times in a lifetime."

Sir Leon was the son of a Russian émigré and arrived in Britain aged 12. He attended London University, supporting himself by playing the violin in the London Philharmonic orchestra. At 33 he established a precision engineering firm, later bought by Elliott.

He leaves a widow and two daughters.

Britain's first fashion fabric show starts at Earls Court

BY RHYS DAVID

BRITAIN'S FIRST comprehensive fashion fabric exhibition, Fabrex, opens at Earls Court, London, today.

The exhibition will bring together several shows previously held at other venues in London by the British Fabric Association. Fabrics from France and other groups. Altogether 140 companies are taking part, with displays from Austria, Italy, Holland, Poland, Scandinavia, Spain, Portugal, West Germany, Switzerland and France.

Courtaulds is holding its own fabric show at Hanover Square, London. Fabric shows are held frequently on the Continent, and they play an important part in determining the styles and cloths which the fashion industry in Europe and elsewhere will use.

Britain, however, has lagged behind although garment and specialist fabric exhibitions are held occasionally. The new exhibition, sponsored by Philbeach Events, follows a year when imports of fabrics into the UK, particularly from other developed countries, have been rising rapidly, giving Britain a net deficit in textiles (as well as clothing) for the first time ever.

Products

The exhibition is seen by UK manufacturers as a very important opportunity to demonstrate to UK and foreign garment-makers, the products available.

Another textile exhibition, Texprint, which aims to show the best in British design will be held at Courtaulds, London, to 13. It will present the latest collections from more than 50 professional designers and design groups as well as ideas Germany and the UK.

from 30 of the most promising young graduates, selected design courses.

Organised by the Design Council, in conjunction with the Society of Industrial Artists and Designers, Texprint will be co-sponsored by Carrington Virella, Courtaulds, ICI Fibres, Marks and Spencer and Tootal.

● The first international conference on automatic inspection of fabrics will be held at the Shirley Institute Manchester, on May 17. Automatic inspection, which has been the subject of numerous trials over the past decade, was given a major boost three years ago with the installation in the U.S. of Laser scanning equipment capable of inspecting cloth at speeds of 250 metres a minute.

The conference will present a review of developments in the field by experts from the U.S.,

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PREVIEW

May 4th through May 15th, daily from 10 a.m. to 10 p.m. May 15th from 10 a.m. to 6 p.m. After May 15th and until the day of the sale, appointments may be made for private viewing.

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CONTRACTS

Kenya buys £4m bogie wagons

BRITISH RAIL ENGINEERING has won a £4m contract to supply 110 bogie hopper wagons for Kenya Railways. The order, negotiated by BRE-Metrol, the joint exports sales company of British Rail and Metro-Cammell, follows a £40m contract in 1977 to supply wagons and locomotives. The wagons will be manufactured at British Rail's Shildon, Durham, engineering works.

ERCO INDUSTRIES, a subsidiary of Albright and Wilson, is to supply a £4m chemical preparation plant for a new pulp mill in Argentina.

The plant, which will include production equipment for sodium chlorate, chlorine dioxide generation unit and other bleach chemicals handling systems, has been ordered by the Argentine-based Alto Parana. The pulp mill is due to be completed in 1981.

A contract worth about £3m has been won by the Bradford-based major products division of N. G. BAILEY for the power and instrument cabling at B.P.'s oil reception centre at Sullom Voe in the Shetland Islands.

SMITHS INDUSTRIES has

received a contract worth £500,000 from British Aerospace for flight deck instruments for the BAe 146. The contract covers a range of products including Mach airspeed indicators, servo counter-pointer altimeters, stall warning detector units, standby compass, servo engine speed indicators and servo gas temperature indicators.

An order worth £1m for Scotch 400 quad videotape has been placed by the BBC with 3M, UNITED KINGDOM.

More contracts, Page 13

Hoechst

NOTICE IS HEREBY GIVEN THAT

The Annual General Meeting will be held at 9.30 a.m., on Thursday, 31st May, 1979,

at the Jahrhunderthalle in Frankfurt am Main-Höchst, Pfaffenwiese.

Agenda

1. Presentation of the Annual Report and Accounts of Hoechst Aktiengesellschaft for 1978, with the Report of the Supervisory Board, and the Consolidated Report and Accounts for 1978.
2. Allocation of the profit available for dividend. It is proposed to pay a dividend of DM 6.— per share of DM 50 nominal for the financial year 1978.
3. Ratification of the actions of the Board of Management for 1978.
4. Ratification of the actions of the Supervisory Board for 1978.
5. Resolution that the Board of Management be authorised to guarantee loan stocks issued by wholly owned subsidiaries abroad, carrying upon issue rights of subscription for shares of Hoechst AG in an amount of up to DM 300,000,000 in a currency of the EEC or in US \$; that a conditional increase of the share capital by DM 150,000,000 be approved in connection therewith and that the appropriate amendments be made to the Articles of Association. The proceeds are intended to cover the financial requirements of the Company's subsidiaries abroad.
6. Election of auditors for the financial year 1979.

The full agenda, including the proposed resolutions, is contained in the Bundesanzeiger no. 77 of 24th April, 1979.

Shareholders wishing to be present and to vote at the Meeting must comply with Article 14 of the Articles of Association and deposit their share certificates during usual business hours by Monday, 28th May, 1979 at the latest, until after the Meeting, at one of the depositories listed in the Bundesanzeiger no. 77 of 24th April, 1979 or, in the United Kingdom, at the offices of

S. G. Warburg & Co. Ltd.
30, Gresham Street
London EC2P 2EB

Frankfurt am Main, April 1979

Hoechst Aktiengesellschaft



SILVER HOSPITALITY

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We're proud of our new 747s specially designed for the needs of businessmen. They have their own lounges and study areas. All this plus an extra smooth flight you appreciate on long journeys. Our newly designed 707s complete our Silver Flock.

SILVER CLUB

Club Oasis offers even more to the travelling businessman. We have the only definitive guide to Kuwait which offers you the latest general business and economic information.

SILVER SCHEDULES

We have a daily Jumbo from Heathrow and non-stop service to Kuwait on Mondays and Fridays—and regular flights from Europe to the Middle East—with interconnecting flights throughout the area.

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UK—ELECTION NEWS

Thatcher personality attacked

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MR. DENIS HEALEY, Chancellor of the Exchequer, strongly attacked Mrs. Margaret Thatcher's personal fitness to be the next Prime Minister.

Mr. Callaghan discouraged personal attacks on the Tory leader when he gave his pre-election briefing to the Parliamentary Labour Party.

Mr. Healey sidestepped that restriction neatly by saying that he was not giving his own assessment of Mrs. Thatcher's character and ability, merely reporting the "unprecedented nervousness" in the Conservative Party about the possibility of her winning the election.

"People are sceptical about the honesty of Conservative policies because the sums simply do not add up. And, increasingly, they are uneasy about the personality of the Conservative leader."

"Anxiety, amounting perhaps to panic, is developing inside the Conservative ranks and they are now retreating from some of the promises they made in the manifesto."

Mr. Healey said that an orchestrated attempt had been made in Conservative-leaning national newspapers to allay fears about Mrs. Thatcher's suitability to become Prime Minister.

The oddest had been a leading article in The Daily Telegraph yesterday implying that people should not worry about Mrs. Thatcher's radicalism because she would be a "pushover" for the civil servants when she came to power.

The Chancellor took further his attacks on Conservative economic policy.

In addition to tax cuts amounting to £4bn a year must be added a promised cut in the Public Sector Borrowing Requirement of perhaps £1bn and substantial increases in the

defence and law-and-order budgets of perhaps £2bn.

That added up to £7bn a year to be financed from a shift to indirect taxes or cuts in public spending, such as in welfare benefit and aid to industry.

Mr. Healey said that the next Labour Government would "take 1m people out of the tax system altogether" by increasing tax thresholds.

It would pay for that by tightening control over the public sector, partly by raising indirect taxes and partly by increasing taxes on companies "in ways which do not affect jobs."

Liberals 'expect to win 20 seats'

BY JOHN LLOYD

MR. DAVID STEEL, the Liberal leader, gave a hostage to fortune yesterday when he said that he expected a minimum of 20 Liberal MPs in the next Parliament.

Mr. Steel, addressing the Liberal press conference, said that the polls had shown a slight increase in general Liberal support, but a polarisation towards the two major parties in Labour/Conservative marginals.

However, in constituencies where the Liberals were running a strong second, there was a swing towards the party. Because of this, he expected between 20 and 50 Liberal MPs to be returned.

The party was fielding 370 candidates, fewer than the 617 in October, 1974, but above the number which had been earlier expected to stand this time.

If the Conservative Party won a majority, the Liberals could co-operate with it on the basis of tax and trade union reform.

Co-operation on pay policy "is still a possibility," though he claimed that Mrs. Thatcher had misrepresented the Liberal position on pay; the party was not in favour of fixed percentage increases.

Mr. Steel said that both the major parties were "inflation mongers."

"They promise the earth at elections and pay for it by printing money."

Inflation had fallen only once during the last decade—during the Lib-Lab pact. The Liberal Party had been "largely responsible" for the fall, and had withdrawn from the pact when it became clear that the Government was no longer prepared to control inflation.

Once we ended the pact, excessive wage increases were allowed through and now inflation is on the way up again.

"And that's the story of inflation: up under the Tories, up under Labour, put down when a determined group of Liberals had the power to make the Government behave responsibly."

Later, in a speech in Mr. Clement Freud's constituency of the Isle of Ely, Mr. Steel accused his two rivals of being patronising and offensive to the intelligence of the voter.

"You would think we were being offered a choice between fish fingers and beefburgers," he said.

Development areas are likely to lose out under a future Conservative government, Mr. Jeremy Thorpe, the former Liberal leader, told a meeting in Atherington, North Devon, last night.

In other words, under a Tory Government it would be more difficult to attract new industry than at present."

Mr. David Penhaligon, Liberal candidate for Truro, said that Britain's levels of income were killing effort and enterprise.

"It is a disgrace that a significant percentage of the working population would be better off unemployed."

Mr. Richard Wainwright, Liberal MP for Colne Valley, said that the reform of Government would require neither a 3 per cent growth rate nor the "fantasy of easy cuts in public expenditure."



Mr. Benn and Mr. Callaghan: quiet approach and a watchful eye.

Benn offers low-key energy statement

BY IVOR OWEN

UNDER Mr. Callaghan's watchful eye, Mr. Anthony Wedgwood Benn, the controversial Energy Secretary, was permitted a fleeting appearance at the Labour Party's election Press conference at Transport House yesterday.

It was a low-key performance, with the usual emphasis on the need to maintain a resolute stand against the continuing attempts by the EEC Commission to gain control over Britain's energy resources.

But hardly a word fell from Mr. Benn's lips to provide fresh ammunition for the intensive campaign by Conservative propagandists to portray him as the most dangerous of extremists, poised to thrust Mr. Callaghan aside in a left-wing takeover.

His opening statement, and replies to questions were contained in some 20 minutes—ostensibly to ensure that he was able to catch the aircraft taking him to a subsequent engagement in Liverpool.

And when the questioning turned to nuclear policy, the Prime Minister seized the opportunity to intervene to point out how he exercises control over individual Ministers through the co-ordinating procedures embodied in the Cabinet committee system.

Mr. Benn made no attempt to enlarge on his assertion, in the initial stages of the election campaign, that a vote for Labour would be a vote against the EEC in its present form. He even volunteered the fact

that, under his leadership, Britain had co-operated "very strongly" with the EEC, in improving energy research and development, in new arrangements for coking coal, loans made under the Euratom treaty, and in oil sharing.

Readiness to co-operate in these areas, Mr. Benn stressed, did not lessen the Government's determination that Britain must retain control over her energy resources.

He went on to warn that, should the Conservatives be returned to power on May 3, the action taken by the Government to ensure that the nation derived the main benefit from North Sea oil would be overturned.

A Conservative government, he said, would hand power back to the oil companies and give the EEC increasing control over Britain's energy resources.

Mr. Benn reaffirmed that, under Labour, Britain would continue to resist the efforts by the EEC Commission to control refinery throughput, prevent all North Sea oil being landed in the UK, and to interfere with the arrangements made by the off-shore supplies office to give British firms an adequate share of the equipment market.

These are areas where we have been taking a fairly resolute line," said Mr. Benn.

Land purchase plan

BY IVOR OWEN

ARMED WITH an adequate majority, Labour Government would take early action to change the basis on which compensation is now paid for land acquired under the Community Land Act — and substantially reduce the amounts involved — Mr. Peter Shore, the Environment Secretary, indicated yesterday.

He told the Labour Party election Press conference that full implementation of the Act would be accelerated at the earliest opportunity.

The basis of compensation can be changed — from market value to current use value — by using the existing provisions of the Act which allow

such a switch to be made from an appointed day to be decided by the Minister.

Mr. Shore maintained that a reasonable start had been made in administering the Act, but admitted that the "push of a political victory" was needed to give it added impetus.

He attributed the fall in house building in the public sector to the fact that Conservative controlled local authorities were failing to make full use of the resources allocated to them by the Government.

There was a "ludicrous situation" of under-spending of money provided by the Government not only for this year but for next year as well.

Election deposits 'not high enough'

THE RETURNING officer in Mr. Jeremy Thorpe's North Devon constituency—where a record nine candidates are fighting the General Election—last night attacked the £150 deposit as "totally inadequate."

Mr. Dudley Squire said the fact that nine candidates have decided to contest the seat "proved to me that the low deposit of £150 is totally inadequate for this day and age."

The former Liberal leader faces a challenge from Conservative, Labour, Ecology and National Front candidates and also from four independents, including columnist Auberon Waugh, representing the Dog Lovers' Party, and Commander Bill Books, for Public Safety, Democratic Monarchist, White Resident.

The previous highest number of candidates for a single seat in a general election was six. Nominations for the May 3 poll closed yesterday.

Elsewhere, Brendan Gallagher is representing the Troops Out Party in the Barnstaple seat held by Mr. Roy Mason, Ulster Secretary.

There is a four-sided contest in Dumbartonshire East, where the SNP's Margaret Bain is defending her 23-seat majority—the smallest in the last Parliament.

Mr. David Ennals, Health and Social Services Secretary, faces a challenge from six other candidates in his Norwich North seat. Seven candidates are contesting the Southwark seat of Mr. Sydney Bidwell, former chair of the Tribune Group and Battersea North, held by Mr. Douglas Jay, the former cabinet minister.

Mrs. Margaret Thatcher and Mr. David Steel both face four-sided contests.



CRITICISM BY the Confederation of British Industry of Labour Party plans to strengthen the Price Commission was dismissed yesterday by Mr. Roy Hattersley, Prices Secretary.

The CBI had "always been emotional and sometimes hysterical" about price controls and warned that they would cause bankruptcies and unemployment. But Mr. Hattersley insisted that the Labour Party proposals would do nothing to damage investment or employment.

THE Royal Society for the Protection of Cruelty to Animals yesterday took the "almost unprecedented" step of endorsing Labour Party manifesto pledges to introduce new measures to safeguard animal welfare.

Conservative workers in Waverley, Liverpool, have resigned special pro-Tory labels to stick on dogs' backs.

But it would appear that not all dogs are supporting the Conservatives. Mr. Peter Root, who is seeking re-election in South East Derbyshire, has been bitten by a dog owned by one of his supporters.

MRS. SANDRA Edwards, Conservative candidate for Swansea East, was banned from attending a lunch addressed by Mr. Edward Heath in her own constituency yesterday—because the Swansea Chamber of Commerce and Shipping Council had held the all-male City and Country Club.

THE National Front is to comply to the EEC and the Press Council over what it claims is a campaign by "subversives and Communists" in the National Union of Journalists and Broadcasting Union to suppress its views during the election campaign.

BISHOP MORLEY, of Farnham, Surrey, is not expected to vote in the general election even though his name is on the electoral roll—for the bishop, famed for his help in restoring the monarchy in the 17th century, died in 1694.

How Bishop Morley's name got onto the electoral roll is a mystery but the Bishop's estate, in the grounds of Farnham Castle, is now used by students attending courses at the Castle.

Tories branded as 'dear food party'

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN last night reinforced Labour's offensive against the Tories on prices, branding them as the "dear food party."

Speaking in Wandsworth, he focused his main attack on the Tory proposals to devalue the EEC green pound as "foolish, costly and unnecessary."

The effect on the shopping basket would be to increase the price of butter by 12p a lb, cheese by 11p, sugar by 3p, bacon by 4p, and beef by 7p. Bread would go up by 1p a loaf.

"The Tories would let the European agricultural lobby

walk all over them. Mr. Callaghan pledged: "Labour will fight for the housewife and the family at Brussels."

He said that in the lifetime of the next Parliament, Britain would have a better chance of riding consumers of a European agricultural policy which deliberately encouraged high food prices.

But, Mr. Callaghan added, it was not only food prices that would go up to pay for all the Tory promises.

Mrs. Thatcher, though denying she would double VAT, had admitted that it would be neces-

sary to put up prices to pay for income tax cuts.

"Well, how much then? And what about the millions who will get little or no tax reductions—how will they afford the higher prices?"

Mr. Callaghan snapped: "It is no answer to be cuddling a calf in a field. People want to be sure they are not buying a pig in a poke."

Mr. Callaghan reminded his audience that Labour had more than halved the rate of inflation in the past three years. Its priority in the next three years would be to halve it again. "That is the sure way to protect the family budget and to safeguard jobs."

A united national effort would be needed with maximum co-operation from industry and the unions, he said.

"We will not succeed if there is a general atmosphere of confrontation in this country but, if we work together and we can succeed, everyone will be better off."

Mr. Callaghan earlier yesterday urged party workers to go on the offensive against the Tory prices policies, when he visited the Conservative marginals of Uxbridge and Hounslow, Brentford and Isleworth.

ON THE STUMP

Sheer enjoyment on the hustings

BY JOHN HUNT

IT IS 8 am and a steady stream of Monday morning commuters are trudging towards the railway station at Davenport, one of the more prosperous parts of Stockport. Mr. Tom McNally, the Labour candidate for Stockport, South, is handing out leaflets with a cheery smile in spite of having stood there in a chilling wind since 7 am.

This is a drastic departure for Mr. McNally, who for the past three years has been comfortably ensconced in his office at 10, Downing Street as Mr. Callaghan's political adviser. In spite of more than a decade in politics and the service of the party national campaign Committee during the past two elections, this is the first time that he has fought a seat himself.

Watching him operate it is hard to believe that he is not a veteran of the hustings. As one Liberal worker canvassing across the street observed yesterday: "Tom is the complete politician."

He admits enjoying himself immensely and declares: "What more can a man ask for—lots of fresh air and plenty of walking?"

Stockport, South, seven miles from Manchester, is no cinch for Labour, although it does not rank as a marginal. For 15 years it was held by Mr. Maurice Orbach, an old-time Bevanite, whose majority at the last election was 4,220.

There was quite a battle at the selection last year, with a left-wing faction in the local party bitterly opposing him on the ground that he was a Right-winger, which he denies. Now, however, his sheer professionalism and amiable personality have won the respect of the local party.

Yesterday he listened as the booking clerk at Davenport station showed him his pay slip and complained that his net take-home was £45 a week. A fervent Labour supporter? "No, I'm a Liberal," came the indignant rejoinder.

Then off to a lunch-time factory gate meeting with Mr. Andrew Bennett, Labour MP for the highly marginal constituency of Stockport North. In spite of the efforts of a shop steward, a mere seven workers from the 250 employed in an engineering plant came out for a chat.

Although Labour stalwarts, their views, which made Mrs. Thatcher sound like a milk-and-water liberal, must have alarmed the two candidates.

The workers demanded a hard line on social security scroungers: "you see 'em drinking their whiskeys in the local pub, don't you?" capital punishment for terrorists; and the birch for vandals and muggers.

As Mr. McNally observed, factory gate meetings are not what they used to be.



Tom McNally: Fresh air and exercise

Terry Kirk

Textile jobs 'at risk'

BY RHYS DAVID, NORTHERN CORRESPONDENT

TWO SENIOR Labour Ministers yesterday tried to rally support in the key North-west marginals in the wake of the referendum on a warning that protection for the textile industry—and jobs in it—would be seriously undermined by a Conservative Government.

Mr. John Smith, Trade Secretary, speaking in Manchester, pointed to the important role the Government had played in shaping EEC textile policy, and in demanding tight restrictions on imports from low-cost sources.

Renegotiation of the GATT Multi-Fibre Arrangement treaty which covers world trade in textiles—had been the cornerstone of Labour policy for textiles and had resulted in agreements which brought under control 98 per cent of low-cost imports of 133 different products.

Labour had also made sure that restrictions were tightened on Mediterranean suppliers outside the MFA, and had won a good deal in the recent GATT multilateral tariff negotiations.

Mr. John Nott, the Conservative trade spokesman, affects to support the MFA, but qualifies his support by references to free and fair competition. They also say they oppose protection for so-called inefficient producers—the investment which has taken place in Lancashire.

"The truth is that they are free market men and would not fight as we have done for the livelihoods of the employees of the textile industry," Mr. Smith said.

Earlier, Mr. Joel Barnett, Chief Secretary to the Treasury, whose own seat at Heywood and Royton could be vulnerable to a sizeable swing to the Tories and a big drop in Liberal support, had claimed that Conservative economic policies insulted the intelligence of voters.

They were claiming that because of tax cuts, everyone would work harder and more small firms would be set up,

helping to create more jobs. The size of the proposed tax cuts would not achieve either objective, but public expenditure cuts would result in the loss of many thousands of jobs.

Mr. Richard Wainwright, Liberal MP for Colne Valley, said that the reform of Government would require neither a 3 per cent growth rate nor the "fantasy of easy cuts in public expenditure."

At the last election, it secured nearly 50 per cent of the overall Welsh vote.

Undeterred by the referendum result, the Nationalists are contesting every seat, including the Cardiff West constituency of the Speaker, Mr. George Thomas.

Their slogan is "Plaid Cymru, fights for you." There is little mention of self-government. The emphasis is on the benefits which the party's independent voice in the last Parliament secured for Wales and Welsh constituencies and the threat of further coal and steel closures and general economic neglect unless this voice is strengthened.

Even the party's political opponents concede Plaid is virtually certain to retain two of its three Westminster seats, namely Caernarfon and Merioneth, whatever Plaid's performance nationally.

Carmarthen, the constituency of Plaid's veteran president, Gwynfor Evans, is more problematic. His 3,640 majority in October 1974—he lost by three votes in February—was greatly boosted by tactical support from Liberal and Conservative supporters wishing to oust Labour. Return of Evans to office would undermine this majority, though against this Plaid has the best constituency organisation, with three full-time staff and a large band of enthusiastic workers.

But to retain its credibility,

In short, these are the threats to the established political order posed by Plaid Cymru, which turns many constituencies into four-cornered fights, and Wales' legendary allegiance to the Labour Party. Labour holds 22 of the 36 Welsh seats, many of them with massive majorities.

For all that, May 3 will be important in determining whether devolution is a dead duck for the foreseeable future and even whether the distinctive features of the Welsh political scene are still intact.

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Thatcher accuses Labour of trickery

BY ELINOR GOODMAN, LOBBY STAFF

MRS. THATCHER opened the second week of her campaign last night with an attack on the Government that reached new levels of invective. She accused Labour of scaremongering, deceiving the British public and general incompetence.

Speaking in Darlington, she went some way to answering most of the charges that Labour has levelled against her in the past week. Her aim seemed to be to throw back into Mr. Callaghan's face the attacks made by Labour.

Labour, she said, dared not admit the truth about what it

had done to this country "in their disastrous years of office." Therefore members of the Government were trying to "trick their way back to power by raising scares about the Tories."

The true irony, she maintained, was that each accusation that Labour leaders "hurled" at the Conservatives was actually the truth about themselves.

She began by tackling Labour's record on inflation and unemployment, two of the issues that Transport House would like to think were among Labour's best cards.

Quoting Labour's claim that it had conquered inflation and that the Tories would put up prices, she maintained that the truth was that inflation under a Labour Government had reached the highest level in 300 years.

The rate of price increases, she maintained, only really came down when the government was forced by the International Monetary Fund to adopt what she described as Tory policies and to cut its own spending.

The truth was that inflation was climbing again, and that

Labour held the British "all-time, all-comers record for having doubled prices within a five-year period of office."

Turning to Labour's charge that Tories would increase unemployment—an important issue in the North-east, where the Tories are traditionally weak—she said that Conservative policies would create "real" jobs. The truth, she maintained again, was that every Labour Government since the war had left more people out of work when it was forced from office than when it came to power.

Mrs. Thatcher also disputed assertions that the Conservatives would destroy the National Health Service—a charge to which she has, in earlier speeches, shown herself very sensitive. Again, she declared, it was under Labour rule that the NHS had deteriorated.

She concluded: "When you go to vote on Thursday, ask yourself why a Labour government has been in power for so long and achieved so little, has based its campaign not upon its own record but upon crude scaremongering about its opponents."

Unionists close ranks for election

By Stewart Dalby

AS NOMINATIONS closed yesterday, indications were that more than 60 candidates will be contesting Ulster's 12 seats.

The Unionists have shown their traditional ability to close ranks as election day approaches—only one of the ten constituencies they held in the last Parliament looks threatened by a split vote. Mr. William Craig of East Belfast faces challenges from rival Unionists of Mr. Ian Paisley's Democratic Unionist Party, the Unionist Party of Northern Ireland and Mr. Oliver Napier, leader of the non-sectarian Alliance Party.

The Catholics have demonstrated little inclination to agree on candidates and the likely result is that they will forfeit at least one seat, mid-Ulster.

They could well lose Fermanagh—South Tyrone, where Mr. Austin Currie, chief whip of the Social Democratic Labour Party, is determined to have a crack at Mr. Frank Maguire's slender majority.

Mr. Currie apparently plans to break from the SDLP and run as an independent because he is upset at Mr. Maguire's failure to condemn IRA violence.

All told, the Official Unionists, who had seven members in the last Parliament, will contest all of the 12 seats. The DUP is running five candidates. UPNI is fielding two members, as is the UUUP.

On the Catholic side, the SDLP—represented by Mr. Gerry Fitt in the last Parliament—will contest nine seats to slice the Catholic vote.

Republican Clubs, an offshoot of the old official Sinn Féin, the official wing of the Official IRA, is fielding six candidates. The Northern Ireland Labour Party has two candidates, the Irish Independent Party has three runners and there is also a crew of independents.

Heath stands by his past record

BY JOHN LLOYD

THERE WAS no hope of new growth or prosperity "if we allow those who deceived the nation in 1974 to deceive the nation again in 1979," Mr. Edward Heath said in Llandudno, South Wales, last night.

In his strongest defence of his past record so far in this campaign, the former Prime Minister attacked Labour's 1974 electoral strategies and said that they were essentially unchanged.

'Disasters'

"The Conservative Party may have lost both elections in 1974. But we did tell the truth. We can stand by what we said then."

"The return of a Labour government next week would lead to a rerun over the next five years of the economic disasters of the last five."

Labour's national policies had aggravated world difficulties. "The truth is, you can't hope for jobs if you hate business and free enterprise; you can't have investment, on which jobs depend, if you hate investors."

Labour's manifesto was "certainly not a programme for austerity." It proposed to finance its programme with a 3 per cent growth rate. Yet Britain's growth over the past five years had been less than 1 per cent.

Mr. Heath, in a sombre peroration, said that the 1980s promised no easy road. If the UK did not compete successfully with other advanced economies, there would be no safety nets.

"North Sea oil will not save us. We will face progressive de-industrialisation, progressive threats to our living standards, progressive strains and tensions in our society."

Mr. William Whitelaw, Conservative deputy leader, in Morecambe, also attacked Labour's forecast of a 3 per

cent growth rate. The taxpayer would have to pay for any growth under Labour.

Mr. Norman St. John Stevas, Conservative spokesman on Commons affairs, told a meeting in Danbury, Essex, that Mr. Callaghan's thesis on the trade unions was that they were so powerful that no law could touch them.

That would mean the end of democracy and the rule of law in Britain.

Mr. Denis Healey's economic forecasts should be regarded as having rather less authority than a sermon on democracy from ex-President Amin," Sir Geoffrey Howe, Treasury spokesman, said in Bolton.

He blamed Mr. Healey for the 10 per cent inflation rate "that is now around the corner."

Mr. John Peyton, Tory agriculture spokesman, said that Mr. John Silkin, Agriculture Minister, had "claimed credit for things he had not done" and "drawn a veil" over the doubling of food prices and the fall in net farm income.

Mr. Angus Maude, Tory deputy chairman, observed that the campaign was being fought on Tory policies, "with Labour ministers behaving like a carpentering opposition."

'Nannying'

Mr. Michael Heseltine, environment spokesman, called for an urgent review of Whitehall power. Local government needed rescuing from "nannying and over-seeing."

Sir Ian Gilmour said that Mr. Callaghan's reported concern over the fact that an alleged Trotskyist was standing as a Labour candidate for Croydon Central, was purely an electoral one. "He will do nothing to thwart their work of subversion and infiltration... as long as they do nothing to blow his moderate cover at election time."

Tories declare 'scared parties run scare campaigns'

BY JOHN LLOYD



Mrs. Margaret Thatcher: counter-attack on prices.

MRS MARGARET THATCHER denied Labour accusations on future price rises under the Conservatives, yesterday. She declared: "Scared parties tend to run scare campaigns."

Speaking at the Conservative press conference, she denied that Conservative policies would mean an increase in value-added tax of more than 17 per cent.

On pay policy, the Tory leader repeated her view that a policy could not last for more than two years, admitted that a Conservative government might introduce a pay freeze, but observed that she did "not regard a pay freeze as a pay policy."

Prices, she said, had risen 101 per cent since 1974; it would be difficult to get inflation

down, "particularly because of the increases Labour has in the pipeline."

On income tax, she said that it would only be reduced by a party with "determination and indeed a passionate belief" to reduce it.

The "two scares" on VAT and school meals, that the Labour Party had raised were old Labour initiatives, Mrs. Thatcher said. Labour had raised VAT and school meals soon after taking office in 1974, and might intend to do so again.

She emphasised the "perhaps too modest" denial by Sir Geoffrey Howe, Treasury spokesman, that VAT would not be doubled to more than 17 per cent; and said that although

Labour had accused the Tories of intending to raise school meals by 10p, it was Mrs. Williams, the Education Secretary in the Government, who had done so.

She did not, however, specifically deny the charge.

VAT would be increased under a Conservative government, but it was not yet known by how much. Direct taxes would be decreased proportionately.

She defended the sale of council houses, saying it was a popular policy. The party did not expect that the choice would be taken up by more than half of council tenants, but it was important that there was a choice.

Wilson attacks 'ignorance'

BY IVOR OWEN

STATE-OWNED assets sold by a Conservative Government would be more likely to be acquired by the pension funds of nationalised industries than by small private investors, Sir Harold Wilson suggested last night.

The former Prime Minister, speaking at a Labour election meeting in Huddersfield, accused Conservatives of a surprising ignorance of Britain's financial institutions.

"Life assurance companies in

part, but above all the pension funds of private and industrial concerns and, most of all, State-owned industries, at whatever prices, these institutions could be induced to buy."

Sir Harold argued that the main point was not the likely sale of such assets at "knock-down prices" but that responsibility for them would be taken away from Ministers answerable to Parliament and transferred to groups of trustees with no accountability.

Where elections have long been 'abolished'

BY ROBERT MAUTHNER

YORKSHIREMEN, normally as chauvinist as any Frenchman, expressed genuine surprise that anybody should take an interest in the general election campaign in Leeds.

That the FT's Paris correspondent should cross the Channel specially to sample the delights of Harry Ramsden's fish and chip restaurant in Guiseley—"the biggest and best in the world"—was only natural. It did, after all, deserve a three-star rating in the Michelin Guide and had failed to obtain a mention only because those stupid Continentals were inexplicably prejudiced against mushy peas.

General elections, on the other hand, had been abolished long ago in Leeds, and were probably more interesting even in France.

That blunt Yorkshire view of the political situation in Leeds, has some foundation in fact. Not since the end of the Second World War has any seat in the City of Leeds been lost by an incumbent MP of any party. "Although" some constituencies have changed names as the result of boundary modifications.

Mr. Denis Healey, the Chancellor and member for Leeds, East, was first elected 27 years ago and his original sponsor on the nomination papers is now aged 90 and still going strong.

Mr. Merlyn Rees, Home Secretary, took over the Leeds, South, constituency from the late Hugh Gattskell 16 years ago, while Sir Donald Kaberry, aged 71, has been the Conservative member for Leeds, North-West, since 1950. Sir Keith Joseph, the Conservative Party's industry spokesman, has been ensconced in Leeds, North-East, since 1956.

Whatever doubts they may have about the national prospects for their party, the two Labour Cabinet Ministers have no reason whatever to fear defeat in their own constituencies.

Not even the loss of 2,000 jobs at the Barnbow Royal Ordnance factory, as the result of the cancellation of an Iranian order for tanks, is likely to make much of the dent in Mr. Healey's majority of more than 12,000. Mr. Rees is sitting on an even more impregnable October 1974 majority of more than 15,000 in Leeds, South.

So confident is Mr. Healey that he even had a kind word for his Conservative opponent, Mr. Andrew Carter, a young branch manager for a flooring contractors' company and a Leeds City councillor.

Although Mr. Carter is campaigning vigorously for the reintroduction of capital punishment, the Chancellor described him as "a nice young lad" and the Tory candidate to have really worked on the area.

The stability of the Leeds electorate somewhat disconcerts foreign visitors, as all members of the human race who were not born and bred in Yorkshire are known.

The grimy Victorian city which, in the 1950s, still looked much as it did at the height of the industrial revolution, is practically unrecognisable today. Slum clearance has been radical.

At the cross-roads of the country's north-south and east-west motorway network, it has an urban road system second to none. Industry has been given a great shake-out.



Sir Keith Joseph in Leeds



Mr. Denis Healey



Mr. Merlyn Rees



Mr. Andrew Carter

The traditional clothing industry is no more than a shadow of its former self and some of the big multiple tailors, such as Burton's have ceased manufacturing in Leeds.

Although it has a substantial Irish population, the IRA has somehow given Leeds a miss and the West Indian and Asian population of the city has posed a much smaller problem than in neighbouring Bradford.

The city's Labour and Liberal parliamentary candidates emphasise the shortcomings of the Conservative-controlled city council's administration, particularly in housing.

For if the Labour Party can boast four MPs out of the city's total of six, the Conservatives have a slim overall majority of four on the city council. The Liberals, who currently have seven seats on the council, compared with the Conservatives' 50 and Labour's 39, think that they stand a very good chance of holding the balance of power in the new council.

Mr. Chris Greenfield, the Liberal candidate and a city councillor, lambasts the Tories daily for their wholesale demolition of housing in Leeds and the destruction of traditional communities, while there is still a housing waiting list of 20,000.

Mr. Greenfield, who is striving to repeat the Liberals' recent shock success in Edge Hill, Liverpool, has an uphill task. The Liberal candidate came second to the present Labour MP, Mr. Joe Dean, in the last general election, but the gap between the two was still 7,600 votes.

But no stone is left unturned to make up the leeway, including a personal campaign against Mr. Dean for the ultimate sin, in the eyes of any Yorkshireman, Liberal or otherwise, of living beyond the Pennines in Manchester.

Sir Keith Joseph, on the other side of the city, has never had any scruples about living in London, and it does not appear to have done him any harm, since he has represented Leeds, North-East, for 23 years. However, were the tide not running so strongly in favour of the Conservatives, he might not have felt quite so safe this time.

Leeds, North-East, which embraces the notorious Chapel-town slum district and has the biggest West Indian and Asian population of any constituency in the city area, gave Sir Keith what was, by Leeds standards, a relatively modest majority of 5,600 in the last general election.

His controversial statements in the past on immigration clearly have not endeared him to the local coloured population.

In Sir Keith Joseph's area and other Leeds constituencies, the Conservatives' emphasis on law and order is a potential vote-catcher.

Quite apart from the violence which is a feature of poor immigrant districts, Leeds has become particularly sensitive to the matter because of the murders by the Yorkshire Ripper and the gang vandalism on isolated housing estates.

However, what the Tories pick up on the swings, they may lose on the roundabouts. Mrs. Margaret Thatcher is not, on the whole, very popular in Yorkshire. Not so much because of the Tory leader's policies but because many Leeds women, to say nothing of their menfolk, think her place is in the home. Even Labour voters in Leeds are conservative.

Tomorrow: Welwyn and Hat-



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UK NEWS-LABOUR

First votes support Whitehall pay deal

By Philip Bassett

THE FIRST votes among members of the union which has led the pay fight by 600,000 civil servants show three to one are in favour of accepting the Government's offer of 9 per cent now with further staged rises.

Members of the Society of Civil and Public Servants in major centres such as Edinburgh, Manchester, Cardiff, Newcastle and Swansea all voted for the offer, with no centre against it.

The Civil and Public Services Association, the other major union involved in the selective strikes which are still continuing, is voting branch-by-branch rather than at mass meetings, and results are not expected until after this week.

The offer gives 9 per cent now with a further £1 a week for staff on salaries of up to £4,795 a year, a further 5 per cent from August 1 this year, and the balance of rises due from the Pay Research Unit comparability studies on January 1 next year.

European unions advised to black Times overseas edition

BY PHILIP BASSETT, LABOUR STAFF

THE International Graphical Federation is to advise its members not to handle work on a weekly overseas edition of The Times after a request for support from the National Graphical Association.

Members of the NGA started picketing Times Newspapers' London offices yesterday. Members of the National Union of Journalists crossed the picket lines, but officials of the other print unions decided to join the action.

Officials of the NGA yesterday contacted the IGF in Berne, Switzerland, and were told that German print unions were practically certain that the overseas edition was to be printed in Frankfurt, West Germany. Times Newspapers' management is keen to keep the place of publication secret to try to avert any attempts to prevent its launch.

The IGF is circulating all its member countries to tell them of the position at Times Newspapers, which has suspended publication of its titles for four-and-a-half months, and

to tell them not to handle copies of the weekly foreign edition.

The Federation is also contacting similar unions in Holland, which are not members, to try to win their support.

NGA officials believe that there is now every likelihood that the launch and distribution of the launch and distribution prevented.

Times Newspapers said yesterday that the company had not ruled out taking action on

plans in hand to start a similar edition for overseas readers only of the Sunday Times, though company thinking on this issue was not as well advanced as on the weekly edition of the daily paper.

Further action against the European plans is being sought by the Times' unions liaison committee, which has written to the TUC asking for support and for the TUC to use its European links to hamper the launch of the weekly edition.

The committee also decided to

involve members of the Society of Graphical and Allied Trades, the National Society of Operative Printers, Graphical and Media Personnel and the process union SLADE in the picketing.

The National Union of Journalists yesterday instructed its members not to work on the weekly edition, but skirted the issue of journalists joining the picket lines by seeking talks with the NGA on the "practical industrial support" journalists can give. Times Newspapers' journalists will meet today

Scots TUC defeats 'legal protection of pickets' move

BY CHRISTIAN TYLER, LABOUR EDITOR

A POTENTIALLY embarrassing motion calling for more legal protection for pickets and for workers who occupy factories was defeated yesterday at the Scottish Trades Union Congress.

The motion, which could have supplied the Conservative Party with further anti-union election ammunition, was despatched on a show of hands.

Although it contained nothing unusual in trade union terms, the General and Municipal Workers and the Transport Workers both felt bound to speak against the motion, which was put by the Amalgamated Union of Engineering Workers.

Mr. Tom Dougan of the Engineers said abstract rights had to be translated by new laws to actual rights. Protection was particularly necessary for sit-ins against factory closures.

Mr. J. A. Hixon, of Clackmannanshire Trades Council, said that the Tories wanted a system that would render picketing about as effective as "a savaging by a muzzled rabbit."

For the General and Municipal Workers, Mr. Duncan Waddell asked the AUEW to withdraw its motion because, he said, it was a bad time to debate it.

The first job was to re-elect a Labour Government, not "to supply the Iron Lady, Thatcher, with ammunition."

Mr. Hugh Wyper, the next Scottish regional secretary of the TGWU, said that an extension of the law, as well as being a soft option to organised strength, could rebound on the unions themselves.

Mr. Dougan replied that he could not withdraw the motion because the policy of the union's National Committee, the engineers' policy-making body, whence the motion came, was sacrosanct.

He thanked the other unions for their sympathy, but said sympathy was not good enough for a union that had fought against the Industrial Relations Act of the last Conservative Government at a cost of £8m in sequestered assets and strike pay.

Conspiracy move

The composite motion asked for legal amendment to increase the powers of agencies like the Advisory, Conciliation and Arbitration Service, and give pickets a legal right to stop vehicles so that workers could explain their case.

It asked for repeal of Part 2 of the Criminal Law Act to remove conspiracy charges from industrial relations, and give legal immunity to factory occupations.

This part of the motion does not apply under Scottish law.

Finally, it asked for a right for pickets to operate without interference from the police on the sides of picket lines.

AUEW to discuss action on pay

By Alan Pike, Labour Correspondent

THE AMALGAMATED Union of Engineering Workers' policy-making national committee opened its meeting in Eastbourne yesterday with the industry's annual pay negotiations still unresolved.

Leaders of this and other unions are threatening industrial action unless they receive an improved offer from the Engineering Employers' Federation, and the issue will be considered by delegates later this week.

Mr. Terry Duffy, president of the AUEW, said yesterday: "We cannot downgrade our sights to fit in with the least efficient borderline employers."

The unions want to increase the basic minimum craft rate from £60 to £80 a week and the employers have to offer 25p. Mr. Duffy said that by this offer the employers conceded the continuation of the low wage, low status image of the engineering industry.

"What kind of mentality allows this great industry to limp along, be inefficient and lose its skilled manpower through lack of security, incentive and status?"

Grievances

With craftsmen at BE having been on strike again this month, Mr. Duffy said that the national committee was meeting at one of the most traumatic periods in the union's history. The legitimate grievances which plagued skilled members had to be resolved and, whatever form of wage determination existed, craft differentials must rise to realistic levels.

Elections for the conference's standing orders committee yesterday produced a series of tied votes between left and right wing delegates with every candidate polling 26 votes. This indicates that there will be some very close outcomes to this week's debates.

Tailors report clothes sales increase

CONSUMER SPENDING on clothing has increased because living standards rose by 6.3 per cent last year said Mr. Idwal Brace, chairman of the National Union of Tailors and Garment Workers, at Scarborough yesterday.

The union was concerned, not only with the traditional areas of cheap production, such as Hong Kong, South Korea and Taiwan, but with the problems that could arise from the new EFTA trade agreement with China, he said.

Such trading must not result in China exchanging textiles and clothing for plant and machinery; there must be no question of "how many pairs of trousers for one power station?"

Forest workers get 12% offer

BRITAIN'S 5,000 forestry workers are being urged by their union to accept a pay offer from the Forestry Commission which will raise wages from £43.50 to £48.95 a week—an increase of 12 per cent. Skilled workers will receive an extra £7 a week, raising their wage to £54.95.

Gallagher examines Ulster investment

BY OUR BELFAST CORRESPONDENT

GALLAGHER, THE tobacco group, said yesterday that it was re-examining its investment policy and programme in its two Ulster factories because of unsettled industrial relations.

About 3,500 process workers began an indefinite strike yesterday, bringing production in the Belfast and Ballymena plants to a standstill.

The production workers in Ulster are members of the Transport and General Workers' Union. They seek a 5 per cent pay increase in line with an award to craftsmen.

Gallagher said it was concerned about its plans to re-equip and modernise its Ulster plant. It had hoped for greater cooperation from the unions, but the TGWU and the craft unions there were divided.

Gallagher's other UK factories

are not affected by the present stoppage. Though stocks are high, cigarette brands made in Ulster would run short if the strike were prolonged. The company said it could permanently lose business.

In 1977, because of the new investment plans, Gallagher and the unions came up with a scheme to upgrade skilled and top production workers most affected.

The company said pay policy had until recently prevented regrading, but it had now gone ahead. Top process workers and all craftsmen in the factories in Great Britain had received the increase, as had craftsmen in Ulster.

The increases for top process workers in Northern Ireland had not gone ahead because the TGWU demanded that all its members receive 5 per cent.

Union seeks big wage rises for ICI workers

BY OUR LABOUR STAFF

A PAY CLAIM for substantial rises was submitted yesterday on behalf of Imperial Chemical Industries' 50,000 manual workers.

The claim includes the restoration of differentials, consolidation of the Phase I pay supplement and substantial increases on basic salary.

Although the unions have not formally put a figure on the size of the claim, the Transport and General Workers' Union says the signatory unions will be seeking more than 15 per cent.

The company has already offered a pay package worth that figure, partly in an attempt

to reshape its wage structure and resolve differential problems arising from Government pay policy.

One result of these difficulties has been a severe shortage of instrument artificers, with unions refusing to co-operate in training workers from lower grades as artificers until wages for senior grades are improved.

A company spokesman said yesterday that the claim would be studied to see how it compared with the company's pay restructuring package. Wage negotiations will resume next month.

Nurses demand cash to save NHS

THE NEXT government must pump more money into the National Health Service to save it, the president of the Royal College of Nursing warned yesterday.

Miss Eirlys Rees told the nurses' annual conference in Guernsey that patients have been placed at risk and wards closed because of too few nurses.

"If people are to receive the Health Service they have been led to expect—care and treat-

ment free at the time of need—it must be adequately financed. "The next government must act quickly or the NHS will go down in history as the great venture which prospered for a quarter of a century on the goodwill of its staff, but then went into a decline because its staff were denied the resources to provide the standard of care to which they were committed."

"In many places nurses have been battling in 19th-century conditions to provide a standard

of care which reflects 20th-century knowledge and skills. "The pressures on community nursing staff have become intolerable in trying to care adequately for increasing numbers of dependent patients in their own homes. The shortage of health visitors has resulted in tragedies."

"A key issue to be decided by the 900 delegates at the conference is whether the 190,000 strong College should seek affiliation to the TUC."

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مطبخ النحل

APPOINTMENTS

Main Board post at ICL

Drs. Joseph A. Ritmeester van de Kamp has been appointed a non-executive director on the board of ICL, the holding company of the International Computers Group. Dr. van de Kamp was general manager of IBM Nederland from 1969 to 1974 and a managing director of KLM Royal Dutch Airlines from 1974 to 1976. At present he is chairman of the supervisory boards of three Dutch companies and holds directorships in a number of others.

LONDON TEA AND PRODUCE COMPANY has appointed two new executive directors, Mr. Andrew Cartwright, export, and Mr. Michael Towser, sales development.

Professor J. H. Horlock, vice-chancellor, University of Salford, has been appointed a director of BRITISH ENGINE INSURANCE.

Mr. D. A. H. Baer has been appointed a director and chairman of ALLIANCE INVESTMENT COMPANY and F. & C. MANAGEMENT following the retirement of Mr. H. C. Farling. Mr. Baer recently became chairman of Foreign and Colonial Investment Trust and a director of its subsidiary, Centenary Fund S.A.

The NATIONAL ENTERPRISE BOARD has appointed Mr. John Williams as head of the Rolle-Royce support staff in succession to Mr. Robert Lickley, who is retiring from the NEB on April 30. Mr. Williams is at present head of the BE support staff at the NEB and the two posts are being combined.

Changes on the Board of BLUNDELL-PERMOGLAZ HOLDINGS take effect from May 1 following a realignment of executive responsibilities. Mr. A. C. Harshy becomes chief executive; Mr. R. L. White, managing director with special responsibility for finance; Mr. W. H. Hulme, group operations director; and Mr. P. M. F. Coverdale, group development director. Mr. N. G. Rickett Smith continues as chairman.

Mr. R. G. Chitty has been appointed to the Board of Pullen Pumps and Pullen Foundries. Mr. F. T. Snow has joined the Board of Pullen Foundries and Mrs. A. Jones has become a FREDERICK A. FULLEN (HOLDINGS).

Mr. Kenneth Powell is to retire as aviation underwriter with GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION on April 30 and he will be replaced by Mr. John Hayton. Mr. Robert Cox will become assistant aviation under-

writer. The new appointments are effective from May 1.

Dr. Klaus Liske has joined Mr. M.A. ten Brink as general manager of DEUTSCHE BANK AG London branch.

Mr. S. W. Shiel, company accountant of HALMA, has become group accountant.

Mr. Alan Watchman has been appointed chief executive of the BRAY GROUP, which includes Geo. Bray and Co. and Bray Chromalox.

Mr. Edgar R. H. Bowring has been nominated by the British Insurance Brokers' Association to fill the vacancy on the INSURANCE BROKERS' REGISTRATION COUNCIL following the resignation of Mr. Douglas Groul.

Mr. Alex Harper has become director of marketing for UK operations of SEATRAN. Mr.



Mr. Alex Harper

John Kentesber has been appointed to the newly-created post of sales director of international accounts.

Mr. R. O. Riggott has been appointed a director of WALLINGTON WESTON AND CO, a subsidiary of Marley.

Mr. N. J. Bristow has been appointed financial director of GUINNESS RETAIL HOLDINGS.

Lord Polwarth has decided not stand for re-election to the board of the WEIR GROUP at the annual meeting on May 23, in view of the pressure of his many other commitments.

Mr. Colin Jones has been appointed editor of the BANKER and editorial adviser to the

BANKER RESEARCH UNIT from May 1. Since 1967, Mr. Jones has been a leader and feature writer with the Financial Times. He was previously with the Economist and the Statist. The Banker is published by the Financial Times Business Publishing, a wholly owned subsidiary of the Financial Times. Mr. Robin Fringle, former editor of the Banker, leaves to become executive director of the consultative group on international economic and monetary affairs, under the auspices of the Rockefeller Foundation.

Mr. Norman Stewart retires at end of April as managing director of J. PARKINSON AND SON (SHIPLEY), machine tool maker. TASKER AND BOOTH, scaffolding services contractor has appointed Mr. W. R. D. Matches commercial director.

Mr. Keith Catepole today joins HENDYSON CROTHWAITE AND CO, stockbrokers, as a partner.

Mr. R. C. Wheeler-Bennett, general manager—Europe, of the Australia and New Zealand Banking Group, has been appointed chairman of the BRITISH OVERSEAS AND COMMONWEALTH BANKS' ASSOCIATION for 1979-80 in succession to Mr. D. P. Pinks of Standard Chartered Bank. The new deputy chairman is Mr. R. S. T. Robb of Canadian Imperial Bank of Commerce.

Mr. P. L. M. Sherwood has resigned as a director of ANGLO-CONTINENTAL INVESTMENT AND FINANCE COMPANY. He has also relinquished all his other directorships of subsidiaries of the Generale Occidentale group in the UK to take up a position with an American subsidiary, Grand Union Inc., a super-market chain.

Shop steward Mr. Glynn Pratt has been appointed to the Board of the MERSEY DOCKS AND HARBOUR COMPANY as a worker director. The 43-year-old motor driver succeeds marine operator Mr. Bob Bennett who has held the non-executive position for the past two years. Mr. Pratt was appointed after consultation with the trade unions in accordance with the provisions of the company's articles of association.

CONTRACTS

Brewery contracts and orders worth over £2.5m have been awarded to ROBERT MORTON (DC), a Lincolns company. Lincolns of Edinburgh has given the company a £460,000 contract to control civil and structural work, and supply eight 650-barrel fermenting and conditioning vessels, pipework and instrumentation. Another contract, worth over £500,000, is for six 300-barrel fermenting plants plus refrigerating plant and electrical work, for a Nottingham brewery.

WALKINSHAW AND CO., UK agents for OCME Spa of Italy, reports that Schweppes have placed an order worth about £500,000 for 13 automatic low-level palletisers and 7 automatic low-level depalletisers.

MESSENGERS (BIRMINGHAM), a member of the Pentos Engineering group, has been awarded a contract valued at over £500,000 by Shell UK. The order comprises equipment for the conversion of Shell domestic installations.

ITT SEMICONDUCTORS has received a £700,000 (£350,000) order for 4K and 16K dynamic RAMS from the Sharp Corporation. It is expected the order will have increased to well over \$1m (£500,000) by the end of 1979.

FERRANTI CETEC GRAPHICS, the Edinburgh-based subsidiary of Ferranti, has received an order valued at over £300,000 to supply Clunis, the land use, mapping and information system, to the City of Munich.

FINSIPA ENGINEERING COMPANY of West Bromwich has been awarded a £1m contract by Wiggins Teape, a part of BAT Industries, for the supply of a minicomputerised handling and storage system together with service equipment. A principal feature of the system is the on-line minicomputer operation with a high-speed radio data link giving real-time control to VNA trucks.

MODERN BUILDING SERVICES (BRISTOL) has won a contract valued at over £200,000 for the design and construction of industrial units at Huntingdon Buildings, Bethnal Green, for the Greater London Council.

GENERAL MINING GROUP:

THE GRIQUALAND EXPLORATION AND FINANCE COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Issued Capital—R597,500 in 11,950,000 shares of 5 cents each
REPORT FOR THE QUARTER ENDED 31 MARCH, 1979
UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

	Quarter ended 31.3.79	Quarter ended 31.12.78	Previous financial year to date
Operating results			
Development—metres	1,147	1,308	1,244
Ore Milled—tons	90,000	100,000	129,000
Fibre produced—tons	12,972	13,890	17,266
Percentage fibre recovered	14.4	13.2	13.4
Revenue per ton	R549.2	R550.8	R511.2
Production costs per ton	R222.6	R230.5	R223.9
Selling costs per ton	R109.1	R115.7	R103.4
Operating profit	R'000 2,135	R'000 4,298	R'000 1,782
Profit after tax from non-mining subsidiaries	45	60	78
	2,180	4,358	1,860
Less: Interest and sundries	171	36	53
Currency losses	46	—	—
Profit before taxation	1,963	4,322	1,807
Provision for taxation	542	1,320	389
Net profit after taxation	1,421	3,002	1,418
Capital expenditure	217	601	262
Prospecting expenditure	94	134	140
Loan levy	51	104	54

- Notes:
- Consolidated results are given, as information relating to the company only could be misleading.
 - Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year.
 - Operating results relate to the activities of group mines only, while financial results reflect sales of fibre from group mines as well as sales of other producers.

On behalf of the Board
C. H. WALTERS Directors
L. K. JOOSTE

Registered Office:
6 Holland Street,
Johannesburg 2001.
24 April 1979



FNMA

Federal National Mortgage Association

Now offers Short Term Notes
in either Interest Bearing or Discount form.

The Notes are offered
through the following dealers:

Bank of America NT & SA

A. G. Becker

Incorporated

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Lehman Brothers Kuhn Loeb

Incorporated

Morgan Guaranty Trust Company

of New York

مكتبة النهر

Ten out of ten for achievement



Racal wins tenth Queen's Award in ten years.

We are extremely proud that, for the second year in succession, a Racal company has been honoured with the Queen's Award for Technological Achievement. With eight previous Awards for Export Achievement this makes ten Queen's Awards in ten years.

The 1979 Award is to Racal Communications Limited for their RA1770 series of high frequency receivers used in surveillance, monitoring, direction-finding, electronic counter measures and many other applications. It is described in the citation as being



THE QUEEN'S AWARD FOR
TECHNOLOGICAL ACHIEVEMENT
TO RACAL COMMUNICATIONS LTD

"close to theoretical limits in all aspects of performance—contributing significantly to the improvement in reliability of HF radio communications."

This outstanding achievement was made possible by the exceptional skill and dedication of the team of people at Racal Communications in Bracknell and Warrington. The Chairman and Directors of Racal Electronics Limited wish to congratulate and thank all of the staff and also others outside the Company who contributed to this magnificent success.

RACAL The Electronics Group

Racal Electronics Limited, Western Road, Bracknell, Berkshire

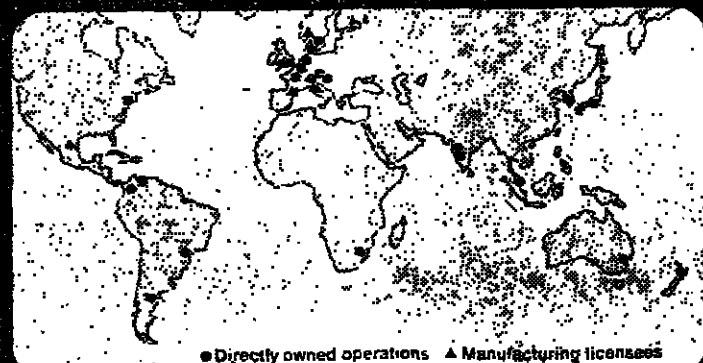
Record pre-tax profit of £5,919,000 was 17.6% higher than 1977.

Worldwide turnover of £34.7m was also a record.

There was significant real growth in the UK market due to industry's awareness of the continuing need to avoid waste of expensive fuels.

The development of overseas markets is an essential part of our long-term growth strategy.

Further progress is anticipated in 1979 given reasonable world trading conditions.

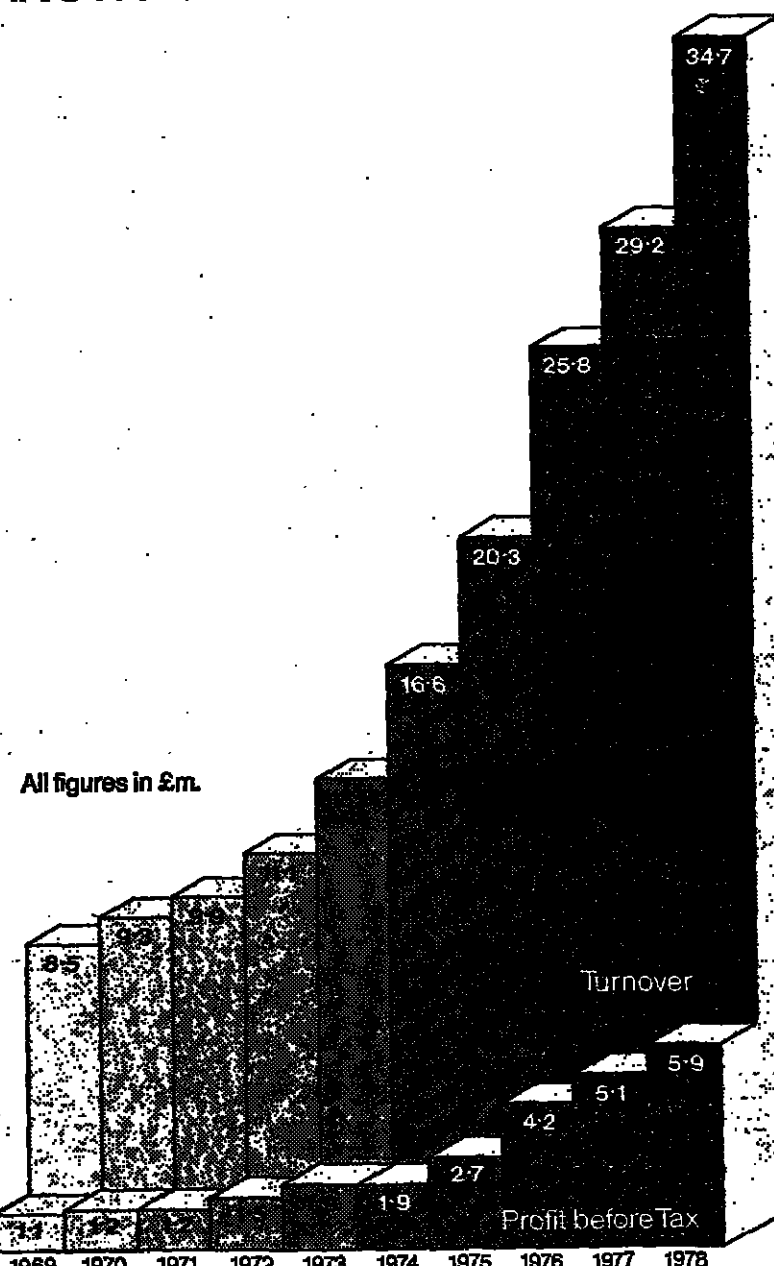


• Directly owned operations • Manufacturing licenses

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Energy saving round the world

ANOTHER YEAR OF REAL GROWTH



Spirax-Sarco Engineering Limited
Charlton House, Cheltenham, Gloucestershire GL53 8ER

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

COMMUNICATIONS

Vital company data at a glance

PRIVATE Viewdata equipment designed expressly for the larger company, which has branches spread over wide geographical areas, has been developed by Philips Data Systems over the past four years and is now being launched in the UK and Europe.

The intention is to market it to companies who have problems in controlling the flow of information relevant to their work, generated both by the users and by their immediate areas of operation. Greatly speeded up information storage and retrieval by this method and simple access to it via telephone lines, should benefit the whole of the user organisation from the boardroom to the shop floor.

Philips itself is starting to use the system in house, both in Britain and across its European development and manufacturing centres. For the time being, the system will be confined within national boundaries though a generalised Viewdata system for the whole of the company world-wide is already being talked about.

Control of the Philips version is by means of software operating routines developed by the company at its Redhill research laboratory between 1975 and 1977 and subsequently tested by running with user groups in the Netherlands. It is based on one of the company's minicomputers, a P857, with disc storage units built by Philips and using as outlets either Pire Vias TV series or adapted TV sets from Philips. Data entry is catered for by a matched input and editing terminal.

Care has been taken to keep all development in step with the Post Office so that users on the Philips system will be able to access Prestel, as well as Oracle and Ceefax.

At the same time, the company has added a number of facilities not available in other systems at the moment. One of these is a technique called keyword search. This allows a user to type in a descriptive title and get the relevant page of information immediately, without having to work through the several levels of search procedures normally required. At the same time, should the user

want to backtrack during file interrogation, it is possible to move back through up to four levels out of the 15 possible, which again is not currently available.

With the security requirements of a company network in mind, the software also provides a guard on information by means of authorisation codes, without which no display of sensitive data can be provided.

Users may also move backwards and forwards between pages by keying a single digit without having to return to the index.

Marketing of the equipment comes in a novel "Workshop" approach, taking into account that the potential business and industrial customer is not all that familiar with the concept. For this, the company has set up its own Viewdata Centre in London where interested companies can send staff to experiment on the equipment and decide what would be useful in their own work. The next step could be for potential users of an in-house system to operate on the Philips equipment, using it as a bureau service.

Price for a basic equipment starts at just under £90,000 and there are leasing and rental options. This figure sounds high, but it must be remembered that to store large amounts of information on central computers and extract it via displays and keyboards costs an order of magnitude more. Microfilm and microfiche are lower in cost but have the inherent disadvantage that information is out of date as soon as it has been fixed.

Meanwhile, Philips is working on the integration of its word processors and laser disc storage with private Viewdata.

Philips Viewdata Centre, Wilc House, 82, City Road, London EC1Y 2DP. 01-253 8487.

HEATING

Cleans the office air

AN IMPROVED electrostatic air cleaner from Actair International, Penarth Road, Cardiff (0222 387873) is particularly suitable for use where ink or paint mists, smoke, welding fumes, dust or other air-borne pollutants can cause irritation or annoyance.

Known as Tepecan 300 MKIII, the unit incorporates a charcoal odour filter and will remove particles of atmospheric pollution down to a size of only 0.03 micron. Operating costs are small as the cleaned air is returned to the room and is constantly re-cycled with no loss of heat. Throughput is 300 cubic feet per minute.

The unit's dust collector cell does not wear out, and is reusable after cleaning in detergent.

The base station controller makes use of either a DEC PDP-11 or IBM System 1 minicomputer, although it is possible that a suitable minicomputer already installed can be incorporated. Communication with the customer's main computer can be hard-wired, phone line or other remote connections using RS 232C or 4 to 20 mA working. A number of codes can be chosen.

On the terminals, which have a character sending rate of 60 per second, the display has a character size of 0.21 x 0.15 inch in a 7 x 5 dot matrix of gas discharge elements. There are four rows of 16 characters each. The keyboard is similar to that of a calculator; the keys are arranged in five columns of eight rows each and have tactile feedback.

The system, which is known as Tera should prove useful in warehousing, freight terminals, factory maintenance, widely dispersed process control and for security purposes.

INSTRUMENTS

Combined displays

THE TREND to combine the oscilloscope with other forms of measuring equipment seems to be strengthening, the latest example being a dual trace 5 MHz scope and a full function autoring digital multimeter in the same housing.

In spite of the quality, the unit measures only 112 x 237 x 360 mm and the weight is 4.8 kg including a built-in battery pack. The idea seems sound since there can be few occasions when the professional field service engineer does not need both facilities. The unit, designated Model 305, has shoulder strap allowing the user to keep both hands free in difficult places such as catwalks and ladders.

Meters for industry

AN EXTREMELY comprehensive range of individual electrical meters offering most scale ranges necessary for monitoring or control of electrical plant has been launched by Electrical Instrument Company (Hillingdon), 30, Kelvin Avenue, Hillingdon Industrial Estate, Glasgow (041 822 1166).

The units are manufactured in square sizes of 72, 96 and 144 mm and offer electrical ranges from 1 millamp to 5,000 amps, and from 60 millivolts to 600 volts, ac or dc. But they have also

been designed so that they can be scaled in non-electrical quantities such as flow, speed, pH, etc. Due to interest already shown in the instruments, the company has taken additional manufacturing space and with recently introduced mass-production techniques is planning advance stocking levels exceeding 10,000 units.

Design is to British Standard (up to class one), Lloyd's, and the relevant DIN specifications, and the instruments can be used between minus 20 and plus 40 deg. C.

Analyser agreement

LOGIC analysers made by the German company Dolch Logic Instruments of Frankfurt are to be made available in the UK by Wavetek Electronics, 109 Crookhamwell Road, Woodley, Reading, Berks RG5 3PF (0734 694944).

Latest of the instruments is the LAM4550 which can capture 48 channels of data and has 1024 bits per channel memory, backed by a similar size reference memory.

The 48 channels are grouped internally into three sets of 16 channels allowing simultaneous

sampling with up to three different clock rates. The ability to record synchronous logic state information and asynchronous timing signals at the same time is seen by the company as the most powerful approach in complex digital system analysis.

A trace "menu" procedure allows the three independent 16 channel analysers to be organised in seven different sequential and/or parallel recording configurations and there is a similarly high level of flexibility in triggering.

Reading the gauges

AVAILABLE from Federal Ayreid, Ashley Road, St Albans, Herts. (St Albans 56522) is a display system able to deal with the readings of a number of metrological gauges.

The equipment is made in two forms, analogue or processor controlled. In the former case up to six gauging channels can be accommodated using the appropriate number of channel modules, each connected to one of the company's single or

differential gauges. The display can be in the form of a multi-range meter or a five digit read-out, in conjunction with signal lamps providing the user with "good", "high" or "low" tolerance indication. There are five ranges up to plus or minus one range to the same maximum on the digital display.

The other version of the Model 1080 is microprocessor controlled and can deal with 16 channels.

PROCESSES

Shaping of plastics sheet

A MANUAL vacuum forming machine has been introduced by Ridat Engineering Co.

Called the 1812 Manual it is the smallest model in the Ridat range and has been designed for use with 17 ins by 11 ins skin pack cards. Suitable for small scale production, it can also be used for sampling plastics, checking moulds, testing forming techniques, and laboratory work, says the company which is located in Fishponds Road, Wokingham, Berks.

All operations are manually controlled. The plastics sheet for forming is secured under a clamp frame by a cam-action lever. The heater slides on runners and is pulled out above the plastic and pushed back again by hand while the drapable is raised and lowered by foot pedal.

Agreement with Japan

TEN YEAR contract signed by British Industrial Plastics Turner and Newall, 021-552 1551) of Oldbury in the UK and Mitsui Toatsu Chemicals of Tokyo, gives the Japanese company rights to produce Beetle urea formaldehyde foam resins, hardeners and ancillaries in Japan and certain S.E. Asian countries.

Agreement also authorises Mitsui Toatsu to manufacture and use Beetle UF foam resins for thermal insulation and other applications, and to exploit these rights through associates and customers in the specified territories.

Stripping with heat

ALL TYPES of thermoplastic insulation can be stripped from wires of sizes between 0.02 and 6 mm using the Rush model ASC-M thermal stripping machine offered by Eraser International, 2 Hampton Court Parade, East Molesey, Surrey KT8 9HB (01-979 8141).

Bench mounted, the machine needs no adjustment for wire size since spring loaded heated elements are used in the stripping head. The temperature of these can be varied to suit the insulant and give consistent results.

The unit incorporates a length stop to give constant strip

lengths and there is no danger of nicking, denting or otherwise damaging the wire beneath. Operating from the mains, the unit measures 5 1/2 x 5 x 12 inches and weighs 9 lb.

SERVICES

Dimensions in industry

A SERVICE for the production of three-dimensional (stereoscopic) informational and instructional films, in full colour, is offered by Cygnat Guild Communications in conjunction with 3-D consultants Stereo Image Techniques.

The image in depth conveys much more information than the familiar two-dimensional films, and gives fuller and more rapid comprehension of intricate equipment and processes. The picture is also more interesting and more visually satisfying to anyone with normal vision, or so the developers claim.

Production of these 3D films needs specialised knowledge and equipment, and a sudden wholesale changeover to the new techniques is not expected, but when 3-D images become readily available, 2-D films will be obsolete.

Introduction of the new service for information films is seen as a first step in this direction; the films are being produced in 16 mm, and can be shown on portable projection equipment, with the use of polarizing spectacles, in any kind of room or hall where 2-D films are shown.

Cygnat Guild, Guild House, Upper St. Martin's Lane, London WC2. 01 838 5420.

MATERIALS

Helps to break the ice

HOVERCRAFT SKIRT material manufactured by Avon is to be used for a novel ice-breaking device to be operated by the Canadian coastguard service.

Two miles of the 50-inch wide material, similar to that produced by the company for the cross-channel SRN4 hovercraft, has to be delivered to Canada by the end of June for the air cushion ice-breaking device being constructed there by Hoverlift Systems of Calgary at a total cost of C\$1.75m.

The steel-framed unit is known as an ACIB (air cushion ice-breaking bow) and is in the form of three buoyant pontoons surrounded by a flexible skirt. Three diesel-powered centrifugal fans provide the necessary cushion of air contained by the skirt, and the ACIB is attached to a ship's bow within a specially designed notch.

Normally, ice-breakers use sheer power to ride up on top

Lovell

for construction
01-9951313

POWER

Supply for containers

TRANSPORTABLE, self-contained electrical power supply units with outputs up to 25 kVA, intended mainly for telecommunications purposes, has been introduced by R.A. Lister Power Plant of Thrippur, Glos. GL5 2BW (045388 5166).

They are housed in a specially constructed container complying to ISO standards which offers complete protection against adverse weather conditions on site. The units are fully insulated while fans and inlet/outlet vents give adequate air flow during operation.

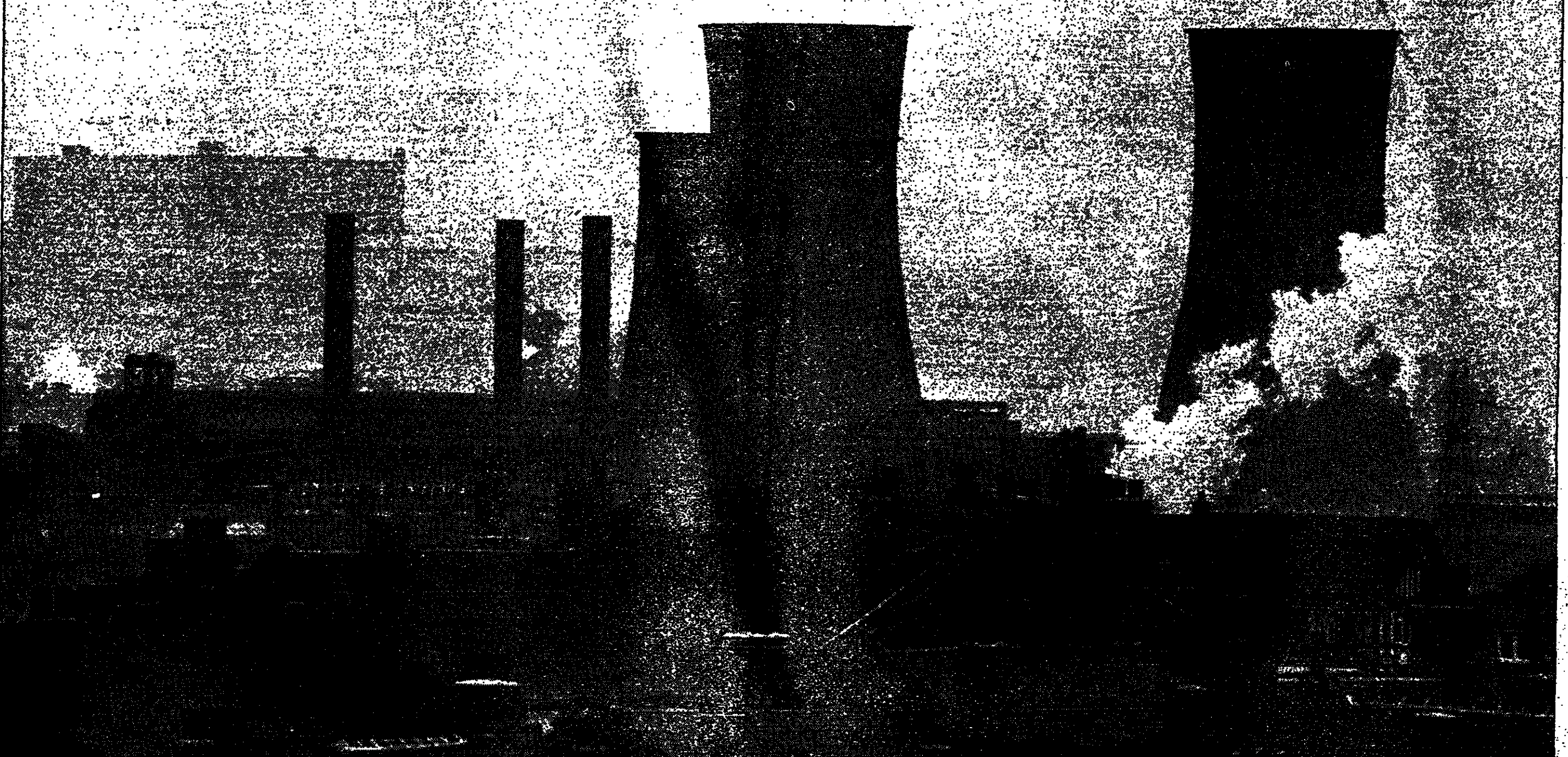
Each unit incorporates dual generating sets, rectifiers, batteries and associated control gear. The sets are built to full telecommunications specification and are able to run for up to six months without attention. Automatic switching is provided so that each runs for a pre-set period, alternately. If a set fails, the other will take over automatically.

of ice formations, thus allowing the weight of the vessel to crush the ice. The ACIB drives air under the ice — depressing the water. The unsupported ice then falls and breaks under its own weight and the ACIB can break ice of up to one metre in thickness. It is interchangeable and will be used by three vessels, the navigation aids/ice-breaker Alexander Henry, the medium ice-breaker Griffon, and the buoy tender Montmorency.

The skirt material is being produced at Avon Industrial Polymers' new factory at Chippenham, Wils. (02216 3911).

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

Beauty is in the eye of the beholder.



In the present economic climate it is often forgotten that Great Britain was the first country in the world ever to be industrialised. Two hundred years ago Arkwright invented his 'Spinning Jenny'. Then the canals were built. Shortly after steam became the major force of industry, it is a singular heritage, and one which has left us a strange legacy.

When one drives through the old heartlands of British industry one sees the great monoliths of Victorian enterprise. There are the factories themselves, as well as the acres of terraced cottages. It is strange because whilst two thirds of the world is trying to become industrialised, Britain has museums devoted to its industrial Revolution.

However, the elements of industrialism have changed. To

be competitive we must live with new technologies and, more importantly, we must live with new attitudes to working. The old reality must give way to the new. The places that are suitable for new ideas, both for people and technology, are different. Indeed, the standards that must be satisfied have changed. For instance, property must appeal to both people and commercial investment. Whilst it is important to preserve much of our industrial past, it is also equally necessary to develop our technological future. Savills appreciate both sides. It is easy to see that an area that was once perfect for industrialisation is no longer feasible for today's requirements. Equally, it is possible, with some foresight, to see the potential of a 'run-down' area. Britain is full of possibilities, and Savills understand this.

Savills on behalf of their clients, are deeply involved in industry—in factories and warehouses, for occupation and investment. Involved in the broadest terms, to see the possibilities for development and re-development if they exist. It is part of appreciating in overall terms not only what is happening, but where.

Savills London and regional offices can offer a substantial insight into all aspects of property. There are divisions specialising not only in industrial property, but also Commercial, Agricultural and Residential, here and in Western Europe.

A brochure describing the services called 'All you need to know about property' is available by telephoning Tony Harris FRICS on 01-499 8644.

SAVILLS

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20 Grosvenor Hill, Berkeley Square, London W1X 0HQ.

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كندا من الشمال

FINANCIAL TIMES SURVEY

Tuesday April 24

FINANCE FOR SMALL COMPANIES

The spotlight on the small companies sector of British industry has intensified in recent years, particularly with the publication of the Wilson Committee's interim report. There is general agreement on the need to encourage this sector, and as this survey shows, the will as well.

Agri-Industries, Forestry, Fishing Ltd.
J. Blackwood (Lancashire) Ltd.
East Kent Paving Ltd.
Farmington Ltd.
Gardiner Investment Co. Ltd.
Hawthorn Sacklin Holdings Ltd.
H.C. Watson & Sons (Foster Farm) Ltd.
Nat. Fed. of English Farmers Ltd.
Nelson and Quarrying
Peter Bernie Ltd.
Alan Newport Ltd.
Saginah Birch Ltd.
Wedge, Shirls and Telephones
Bulmer Bros (Frozes Foods) Ltd.
H.M. Jones Ltd.
K. T. Telford & Blundell Ltd.
Leighton Ltd.
Member Poodle Company Ltd.
Newydd Down Wine Co. Ltd.
Pardoles Commercial Ltd.
Paving Ltd.
Suez Harbours Ltd.
Singing Hells Brewery Ltd.
Suttons Southern Holdings Ltd.
Tanner Roddage Ltd.
"Tiger" Foods Ltd.
H. Wobley Ltd.
Animal & Poultry Feeds
Faver Park Ltd.
Drinks
Associated Distilled Products Ltd.
James Southern (Soft Drink) Ltd.
Dunham & Barnes Ltd.
Maybrook Wine Co. Ltd.
H. M. Watson & Co. (Nimble) Ltd.
Woodwards Ltd.
Chemicals and Allied Industries
General Chemicals
Carlson Corp. & Leonard Ltd.
Chemical & Heavy Ltd.
C.R. Tarry & Co. Ltd.
West Carabondam By-Products Co. Ltd.
Chemicals & Chemicals & Polyethylene
Approved Prescription Services Ltd.
Daryl Sons (Growth) Ltd.
Radco Chemicals Ltd.
Sales Promotions
Summit Ltd.
Paints
T.E. Johnson (Petroleum) Ltd.
Hendall & Co. Ltd.
Fragrances and deodorants
Industrial and Commercial Deodorants Ltd.
W.E.C. Products Ltd.
Fertilisers
Jones, Stewart & Holdings Ltd.
Other Chemical Industries
Industrial Development Ltd.
Johnson & Bay Ltd.
Molinsens Colours Ltd.
Nortel Group Ltd.
Slattery Aldred & Co. Ltd.
Metal manufacturing
Castney Aluminium Co. Ltd.
Metal Fabrications Ltd.
T.R. Craighead Ltd.
Dorley Foundry Co. Ltd.
Foster & Holden (Engineering) Ltd.
Hillier Bell Co. Ltd.
Leigh & Silman Group Ltd.
Maxwell Engineering Co. Ltd.
The Pratt, Lewis & Co. Ltd.
Shoebone Ltd.
Tibbatts Fabricators Ltd.
Metals and Engineering
Engineering Machinery and Engineering
P.R. Bird Ltd.
H. Baringham & Co. Ltd.
R. A. Hubbard & Blund Ltd.
A.T. Green Ltd.
Samp Fencing Co. Ltd.
John Wells Tilt & Co. Ltd.
Metal-working manufacturing trade
Engineering
Crescental Ltd.
Crestmetal (Sheffield) Ltd.
Eggsell Ltd.
Newydd Engineering Ltd.
Metal Commercial Control (Wales) Ltd.
Liam Ltd.
Toolmakers Ltd.
Pumps, valves and compressors
Green Valley Ltd.
Fluid Transfer Ltd.
Martins International Ltd.
Hatchell Valve Co. Ltd.
The Seal Group Ltd.
Spenkil Ltd.
Tariffs International Ltd.
Controls International Ltd.
Williams & James (Engineers) Ltd.
James Young & Corbridge Ltd.
Transport, Storage and Accessories
Continental Machinery Ltd.
Construction and Earth-moving equipment
A.C. Machinery Holdings Ltd.
Green & Sons
Harris's Smalley Engineering Ltd.
Mechanical Handling Equipment
A.C. Machinery Holdings Ltd.
H. J. Jones Ltd.
Brookway Engineering Co. Ltd.
Conveyors (Importers-Dumacore) Ltd.
Dumacore Ltd.
Eden Court Finance Ltd.

Zee Manufacturing Co. Ltd.
 Ned Wire Ltd.
 Coachcraft Exotens Ltd.
 Richard Threlkold (Holdings) Ltd.
 Moulding & Molding
 Padbury Paper Goods Machinery
 Pacific Colour Services Ltd.
 East Coast Plastics Union Co. Ltd.
 Serico Group Ltd.
 T.C. Thompson & Son Ltd.
 Woolgar & Henry Ltd.
 Heating, Ventilation, Air-Conditioning and
 Refrigeration Engineers
 Carter Thermal Industries Ltd.
 Coysing Ltd.
 Talsworth (Mechanical Services) Ltd.
 Pacific Controls Ltd.
 Plastic Construction Ltd.
 Tech Industries Ltd.
 Turner & Co. (Glasgow) Ltd.
 Vastal (Pty) Ltd.
 Ventilation Equipment & Conditioning Ltd.
 Other Machinery
 Aveling & Porter Engineering Equipment Ltd.
 C.W. Bliss (England) Ltd.
 Cunningham & Cooper Ltd.
 Emerson Research Ltd.
 Fine Slitting (Glasgow) Ltd.
 Heathway Engineering Co. Ltd.
 Independent Machine Co. Ltd./Baby-Rolls Ltd.
 C.F. Egan Ltd.
 N.E. Matthews & Co. (Worcester) Ltd.
 Norder Bros Ltd.
 Edward Pryor & Son Ltd.
 South East Engineering (Pretoria) Ltd.
 Richard Threlkold (Holdings) Ltd.
 Threlkold Engineering Co. Ltd.
 G.F. Worsley & Co. Ltd.
 Industrial (machinery, process) Plant and Structures
 Arthur Adamson (Pty) Ltd.
 Joseph Engineering (Burgess) Ltd.
 Henry Babbington & Sons Ltd.
 Blackburn Sharpe & Co. Ltd.
 Chisham Steel Fabricators Ltd.
 Douglas (RZ) Ltd.
 Exotic Welding Ltd.
 Glenair Engineering (Rotor) Ltd.
 Graham Cast Engineering Ltd.
 Hefferman Erector Co. Ltd.
 Henson-Dorian Ltd.
 Robert Jenkins (Holdings) Ltd.
 Newell Research Ltd.
 J. Saunders & Co. (Holdings) Ltd.
 H. Siskin Engineering (Pty) Ltd.
 Taitel (RZ) Ltd.
 Welding Engineering (Grahamston) Ltd.
 Precision Engineering
 Automatics Tooling Co. Ltd.
 Bryson & Kenyon Ltd.
 Precast (Pty) Ltd.
 Graymar Tooling Co. Ltd.
 Heathway Engineering Co. Ltd.
 H. H. Jones Co. Ltd.
 Padbury Engineering Ltd.
 South Gloucester Tool & Engineering Co. Ltd. The
 Other Mechanical Engineering, not elsewhere
 specified
 Argyle Engineers Ltd.
 Bebbie Hydraulics Ltd.
 Braby Leslie Ltd.
 Chisham Ltd.
 Chisham Holdings Ltd.
 Coysing Ltd.
 C.F. Doyle Ltd.
 Ferguson Bros. (Glasgow) Ltd.
 Fraser Mach Ltd.
 Fred Elliott (Gardell) Ltd.
 Hume & Co. Ltd.
 John Gray Engineering
 H.N. Electrical Supplies Ltd. (Ritchie's Group of Cos.)
 Hunter Auto Products Ltd.
 Thomas Horner & Son Ltd.
 Hurdie, Associated Industries Ltd.
 Iva Bearing Co. Ltd.
 Jackson Engineers Ltd.
 Lanco Fabrications Ltd.
 Lattrell Ltd.
 Alfred Marsh & Co. Ltd.
 Messier Foundry Co. Ltd., The
 Moffatt Holdings Ltd.
 Moffatt Numerical Control (Males) Ltd.
 Spenner Holdings Ltd.
 Puff Filtration Co. Ltd.
 Petroleum Equipment Co. Ltd.
 Rask Auto Engineering Ltd.
 Spenner Holdings Ltd.
 Spenner & Sons (Market Harborough) Ltd.
 Sweeney Engineering Ltd.
 T.C. Thompson & Son Ltd.
 Trief Ltd.
 United Engineering Co. (Widley) Ltd.
 Webb and Pechell Ltd.
 G.F. Worsley & Co. Ltd.
 Instrument Engineering
 Photographic and Document Copying Equipment
 Dams (U.K.) Ltd.
 Special Instrumental and Appliances (Including
 Spectacles)
 Butterworths Edinburgh Ltd.
 Edward Dobson & Sons Ltd.
 Kitcher Holdings Ltd.
 Presables Ltd.
 R.E. Wilson Dental Laboratory Ltd.
 Optical and Industrial Instruments and Systems
 Avery Coasters Ltd.
 Automatic Systems Laboratories Ltd.
 Bellini (Optics Edinburgh) Ltd.
 Cambridge Instrument Co. Ltd.
 Conquest Instruments Ltd.
 Dwyer Electronic Ltd.
 Electrical Remote Control Co. Ltd.
 Ford Brown Ltd.

Automotive Construction & Maintenance Ltd.
Auto Pymcrites Ltd.
Neyghan and Zammit Ltd.
G.A. Plaster Ltd.
Sani Group Ltd.
Scott Whitbread Ltd.
Tadco Ltd.
Weybridge Ltd.

Electrical Engineering:
Electrical Machinery
African Electrical and Engineering Co. Ltd., The
Ardit Electrical Repair Ltd.
Beechworth Ltd.
E. E. Elk and Son's Ltd.
Harris and Freeman (Export) Ltd.
Huntley and Curran Ltd.
Hussey & Cogswell Ltd.
Kohler Ltd.
Thermalite Ltd.
Thorn Electrical Ltd./Hendall Ltd.

Telegraph and Telephone Apparatus and Equipment
Genie Electronics Ltd.

Radio and Electronic Components
A-Sen Brown Ltd.
Laurian Ltd.
Pektron Ltd.
Sunders Electronics Ltd.
S. S. Sanyo Electronics Ltd.
Electronic Computers
Udo S. Stern Ltd.
Tata Laboratories Ltd.
Aurore Ltd.

Radio, Radar and Electronic Capital Goods
Radar Engineering Radio Services Ltd.
Rad Systems Ltd.
Electronic Radar Ltd.
J.K. Lister Ltd.
K. & P. Electronics Ltd.
Mullins Radio Co. Ltd.
T.C. Electronic Holdings Ltd.
Teletronics Ltd.

Electrical Contractors and Engineers
Dessal & Bailey Services Liverpool Ltd.
A. E. H. Brown and Edwards Ltd.
Ross Auto Engineering Ltd.
Skelton & Murray Ltd.
Thorn Electrical and Diesel Co. Ltd.
Frank Vowles Ltd.

Other Electrical Goods
African Electrical and Engineering Co. Ltd., The
African Electric Ltd.
EME Group Ltd.
Hill Stage Equipment Ltd.
Huntley and Curran (S. S. Sanyo) Ltd.
Sundhorn Electronics Ltd.
Villiers & Quick Ltd.

Shipbuilding and Marine Engineering
Babcock Stuart (Wright) Ltd.
Barnes Kraits Ltd.
Richmond Marine Developments Ltd.
J. Sanders & Co. (Holdings) Ltd.
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FINANCE FOR SMALL COMPANIES II

All parties agree help is needed

IF THERE is one thing on which all the main political parties in Britain are agreed, it is that more help must be given to the expansion of small businesses. This common ground includes a recognition that more needs to be done about taxation, the availability of money from banks and other financial institutions, and about the way that small concerns obtain managerial, technical and other assistance.

But there are major points of disagreement among the parties and these stem in particular from the basic political philosophies of Conservative and Labour leaders. So while many of the detailed ideas put forward are fairly similar, there is a basic ideological difference about the relative rights and wrongs of encouraging the accumulation of personal wealth, and therefore potential investment, and about the role of the State and other institutions in overseeing and vetting what happens to small businesses.

In the current election campaign Conservative Party leaders are therefore saying that they would change the country's overall economic climate and so encourage the relations, friends and neighbours of small businessmen to invest. This has been dubbed the "Aunt Agatha solution" and its supporters on the Labour side include Mr. Harold Lever, Chancellor of the Duchy of Lancaster in the last Government, who has co-ordinated Labour's small firms policies for the past 18 months. Mr. Lever's views on taxation, however, are well to the right of many of his colleagues and have therefore been outside the bounds of political reality towards the end of the lifetime of recent Labour Government.

Because of its political divisions the Labour Party manifesto hardly mentions small firms, beyond saying they need to be encouraged in inner cities and through employment subsidies. The Conservative Party, however, has given them a special subsection in a general economic and industrial chapter. But if Labour won the election, it would be quite likely to introduce new concessions on capital transfer and other taxes and would push ahead on a guarantee scheme, maybe State-backed, for clearing bank loans. It would also look into the Wilson Committee's recent ideas for a small firms investment company, which would carry per-

sonal taxation concessions, and for extending CoSIRA to cover urban as well as rural areas. A Conservative Government would rely mainly on the new economic climate it would hope to create, with cuts in direct and capital taxation and other wider reforms. It would also be quite likely to introduce the Wilson Committee's small firms investment company idea in some form or other within its first 18 months in power and would simplify VAT.

It would also ease operation of the Employment Protection Act and create a new proprietary company in law that would be excluded from various statutory disclosure provisions which small firms say inhibit them when competing with large companies. But, despite the views of the Conservative Party's Small Firm Bureau and other representative organisations, there may not be any other concessions specifically attached to the proprietary company.

Plan

Conservative leaders also plan to carry out other reforms on matters such as subcontracting arrangements, competition from local council direct labour in the building industry, and planning procedures. But irrespective of which party wins the general election, small businesses can be sure that they will remain a live political issue for some time to come. This is true in other European countries and in North America as well as in Britain because there is international recognition that it is small concerns rather than large corporations that are likely to eat into the generally high levels of unemployment in the next few years. And while small concerns can create employment, they can also help to revive decaying inner cities which large companies often avoid because of restricted sites and poor transport facilities.

The Wilson Committee report on small firms published last month suggested that the long-term decline in the number of small firms in the UK noted by Bolton Committee eight years ago may now have been halted. But small firms in the UK are still relatively less important in terms of both output and employment than in other developed countries.

In France small firms accounted for 38 per cent of total manufacturing employment in 1973 compared with 42 per cent ten years earlier, while

there was a slower decline in West Germany from 34 per cent in 1963 to 31 per cent in 1976. In the U.S., however, the number of manufacturing small firms has continued to rise, with companies of fewer than 250 workers accounting for 49 per cent of total employment in both 1963 and 1972.

Some of these statistics—collected by the Wilson Committee—are out of date and are not precisely comparable, so too many conclusions cannot be drawn. But they do serve to underline the relative position in the UK where small firms only accounted for 29 per cent of manufacturing industry employment in 1975.

Overall the Wilson Committee estimated that small firms in the UK provided about a quarter of private sector employment and that the long decline between the 1920s and the late 1960s has not only levelled off but has even improved in some areas. The report said that the number of small firms employing fewer than 200 people in manufacturing industry seems to have begun to rise to about 80,000, while in construction the numbers are falling and stood at a total of 72,000 employing fewer than 25 people each in 1977. In retailing the rate of decline appears to have accelerated and in 1976 there were about 276,000 firms with a turnover of less than £150,000 a year.

The decline of small firms in Europe and elsewhere has led to a number of policies and innovations being launched, one of the most recent being in France. International studies have also been carried out to see how other countries manage to encourage the creation of new firms, especially in the U.S.

The Cabinet Office's Advisory Council for Applied Research and Development (ACARD) specially referred to America in a report it published in December on innovation. Stressing that UK taxation inhibits the "more spectacular successes" of the U.S. started by private investors, the report said: "The American experience indicates the significant role that small innovative companies can play in economic growth and the development of new industries. The striking results from a series of science-based complexes which have sprung up throughout the U.S.—of which perhaps the most famous are those in Santa Clara County, California, commonly known as

Silicon Valley, and Route 128 near Boston—have demonstrated the potential of such companies."

The report pointed out that in the UK the absence of a sizeable class of wealthy individual patrons means that small businesses have to rely on institutional finance and warned: "The point has been made to us repeatedly that the lone individual, or group, with an unproven product or idea

and with no track record has little hope of finding institutional back-up."

Many institutions, including the clearing banks, have launched various initiatives during the past year to try to fill this gap. Some of them may only be doing it in order to keep in with the current crazes of the Government of the day and may therefore only pay lip service, backed up by skilful public relations, to the problems

of small firms. Others, however, are trying to ensure that their managers and executives do understand the needs of the small businessman.

This applies to large companies which are now developing methods of helping small firms, as well as to the clearing banks and other institutions. Some large companies are banding together in organisations like the new London Enterprise Agency to provide help and a

few taking more direct action by reviewing their own internal procedures on purchasing and bill paying to see that the small firm receives a fair deal.

Such initiatives and help from the institutions and large companies will still be needed even if the "Aunt Agatha" do emerge and provide the sort of funds that Labour's Mr. Lever and the Conservatives hope for. Even if massive taxation changes were introduced during the

coming year, it would still be a considerable time before the personal investor could become a significant force. And even then the small businessman would still need to turn to others for help with the technological, managerial and other problems that he will face when creating and expanding a small company in the 1980s.

John Elliott
Industrial Editor

Taxation

Widespread calls for reforms

THE BIGGEST tax problem small businessmen face is probably the complexity and ever-changing nature of the legislation. The complexity is the result mainly of a steady process of palliatives and reliefs granted in consecutive Finance Acts. While each relief is no doubt welcome, the cumulative effect has made company taxation an impenetrable area to most small businessmen—who have better things to do with their time than read tax handbooks.

This complication, together with the effect of stock relief and 100 per cent capital allowances leading most big manufacturing companies to pay no tax at all, has prompted widespread calls for the wholesale reform of corporation tax.

The Tories have backed these calls and members of the Shadow Cabinet say there will be substantial changes if they win the election. Many of the changes will affect small businesses in particular, as a principal Conservative aim is to "recreate a climate of incentive."

Nevertheless, senior Tory figures believe it will be difficult to introduce the reform rapidly. Their first priority in the tax field is to bring down the higher marginal rates of income tax. They say that when that has been achieved they will then turn their attention to the corporate sector, probably in the second year of any administration.

So the first year of any Conservative administration is not likely to be radically different from the later Labour

years, with further reliefs given to help small businesses particularly over Capital Transfer Tax, where there was a string of concessions last year.

Labour, too, is likely to continue its pattern of piecemeal concessions. A third strand to watch is the state of the technical debate between the Inland Revenue and the various interest groups. Where the sums lost to the Exchequer would be minimal, this is likely to produce further changes. Movement on "nothings" or disallowed business expenses, is likely in the next Finance Bill, for instance, regardless of which political party is in power.

Study

However, one study that was expected to produce guidelines on the shape of taxation on small companies has proved disappointing. The interim report on such companies produced recently by the Wilson Committee on Financial Institutions made no general recommendations on taxation, although it received a large number of proposals for tax changes—which it passed on to the Government departments concerned.

It said: "The objectives of the fiscal system are a political question and any judgment about them will therefore be political. We, like any other mixed group, do not agree about politics." Some members of the committee, which included representatives of the TUC, CBI, financial institutions and other interests, believed that tax cuts were essential because of the overriding importance of small companies for increased

investment, innovation, growth and employment. Others did not believe that taxation reforms were the best means of achieving the overall goals.

The committee did, however, agree that specific fiscal measures were needed to stimulate the flow of equity investment to small businesses from external sources. "We are agreed that the most effective way of securing this most limited objective is likely to be by specific reliefs rather than by across-the-board cuts in personal taxation."

To this end the committee recommended the creation of small firm investment companies, which would operate like investment trusts, but specialising in investment in unlisted companies only. Specific limited relief from personal taxation should be given for the purchase of shares in these investment companies. The Conservatives' ideas are rather more radical than this, although no final conclusions on the shape of their small company package have yet been reached. They are considering introducing a business allowance—in line with the personal allowances given on income tax. The first £10,000 profit made by a company would thereby be entirely tax-free—a benefit likely to be appreciated far more by the small operator than ICI and the other industrial giants.

Smaller companies—defined as those with sales of less than £500,000 a year or less than 50 employees—could also be given simple permanent allowances to cover the effects of inflation, rather than the current stock relief scheme. For bigger companies the Tories are thinking of introducing a simple method

of inflation accounting, which would be substituted for stock relief. This would provide a rough and ready way of establishing the level of real profits big companies had enjoyed in any year. Another idea is to grant new companies tax holidays for a certain number of years.

The most controversial idea the Conservatives are toying with is to provide tax relief on personal income used to fund enterprises. This proposal was advanced by the London Chamber of Commerce and Industry as a way of encouraging individuals to provide "risk capital"—something that is becoming increasingly difficult for small businesses to find. The specific proposal of the London Chamber is that an individual should be able to obtain a deferred income tax on a proportion of his taxable income or the sum invested (by way of share capital or loan) in a qualifying enterprise, whichever is the lesser. The proportion should be reasonable for the scheme to be effective, and a qualifying enterprise would be an unlisted company, partnership or sole proprietor carrying on a trade. Loans would have to be for at least a five-year period.

Deferred

The minimum amount of any claim should be £2,500, to avoid administrative problems for numerous small claims. The tax would be deferred until the individual made a taxable withdrawal from the investment. Any income earned on the investment should not be liable

to the investment income surcharge and the tax deferred should be relieved altogether if the loan or other investment is outstanding for 15 years. A sliding scale of relief should be given after five years. The gain from the ultimate disposal of the investment in the enterprise should, however, be liable to capital gains tax.

While the Tories acknowledge the difficulties of the scheme—mainly its attraction as a vehicle of tax avoidance—they believe the rough edges could be taken off to make it workable. It overlaps to some extent with the Wilson Committee's investment company proposals.

Finally, in the pipeline are the changes proposed by various interest groups and which the Inland Revenue is known to have considered sympathetically. Some of these could be in the next Finance Bill. The change that will affect small businesses most is the possibility of some movement on "nothings."

The CBI has argued that the non-allowance of royalties puts British industry at a disadvantage with overseas competitors and discourages the setting-up of new businesses and expansion of existing ones. The relaxations of most interest to small businesses are likely to be over the cost of raising money and on other pre-trading expenditure that would be deductible if incurred after commencement of trading.

Two important costs for small businesses are commitment fees on bank facilities and commission on overdrafting loans. The next Finance Bill could make both of these allowable against corporation tax.

David Freud

Company Law

Initiatives to provide a fairer deal

A MAJOR PROBLEM facing legislators on UK company law over the past decade has been how to provide a legal framework which would apply fairly both to companies the size of ICI as well as to small businesses like the corner butcher's shop.

One solution currently proposed by the Conservative party is to provide a new class of company, the proprietary company, which would include a significant number of UK small businesses and which would be exempt from certain aspects of current company law.

Major areas of concern have been that many small businesses have to meet the same audit and disclosure requirements of the big multinationals. While ICI may have the manpower, time and financial support necessary to meet these requirements, the corner butcher's shop does not.

A discussion document published by the Conservative Party Small Business Bureau last year said: "A major weakness of British company law is the absence of distinction between large public companies with thousands of shareholders and small private companies with only a few members, who often all belong to the same family."

It continued: "The cost of new legislation to the small businessman is huge and it is seldom appreciated that the time taken to absorb new requirements is time lost in managing his business."

However, the Small Business Bureau does not formulate official Conservative policy and there has been wide debate within the ranks of the party as to which kinds of companies should classify for proprietary status and, much more importantly, what benefits should be granted to proprietary companies.

There has already been one attempt by Tory backbenchers, led by Mr. John Cope, MP for Gloucestershire South, and Mr. John Wakeham, MP for Maldon, to achieve legal status for "proprietary companies."

The two MPs successfully pushed through an amendment to the Companies Bill—lost when the General Election was announced—which would have given proprietary company status to an estimated 450,000

small businesses on the UK company register. Under the terms of the amendment all businesses with net assets of less than £1m and employing fewer than 200 workers would have been eligible to apply for proprietary status. But this would only have been granted to companies where all the shareholders were also directors of the business.

However, the amendment was only won at the committee stage of the Bill, because a Labour member of the committee was inadvertently away when the crucial vote was taken. The Government remained strongly opposed to the amendment and it is highly doubtful whether it would have survived if the Bill had reached the report stage.

In itself the amendment did no more than provide for a new class of company, and it was significant that a number of further amendments, proposed by the two MPs, which would have provided benefits were subsequently withdrawn, indicating perhaps some of the differences of opinion within the party as to how the problem of proprietary companies should be tackled.

Pegged

Tory backbenchers regard proprietary company status as being like a "clothes line" on to which certain benefits—mainly exemptions from certain legislative requirements and tax benefits—could be pegged.

However, current opinion at Conservative headquarters suggests that a Conservative Government would be unlikely to rush in with a series of new measures to assist proprietary companies, although it would probably introduce into company law a definition of proprietary company status when the EEC fourth directive on harmonisation of company law comes into force.

This directive is concerned with disclosure, format and filing of financial information of both public and private companies. The most likely outcome is that a Conservative Government would seek to reduce disclosure requirements for proprietary companies when the directive is

triggered. This does not rule out, however, the possibility that other benefits might be pegged to the proprietary company "clothes line" when other aspects of company law are re-examined.

The question of disclosure has been a major plank in the Tory's argument that small businesses have been put at unfair disadvantage by much recent company legislation. Before the 1967 Companies Act private businesses with less than 50 shareholders were generally classed as exempt private limited companies and were not required to file accounts with the Registrar of Companies or appoint qualified auditors.

Since the 1967 Act all limited companies are required to prepare audited accounts, a copy of which must be filed with the Registrar of Companies and be available for public inspection.

The Small Business Bureau argues that the cost to small companies of maintaining a public record of their accounts is unreasonable and provides major competitors with highly sensitive financial information.

"It means in effect that a full range of sensitive accounting information of firms in the small business category is available to the public, although it is doubtful whether the information is much value other than to competitors," it says. "Disclosure puts a small firm at a competitive disadvantage" in relation to large companies which are not required to disclose detailed figures showing the profitability of individual operating units.

There are a number of other benefits that the Small Business Bureau would like to see granted to proprietary companies. These are outlined in a discussion document published last year. The principal changes the Bureau would like to see are:

- Proprietary status granted to companies employing less than 50 workers and with an annual turnover of no more than £500,000;
- A comprehensive review of company law with a view to granting proprietary companies exemptions wherever appropriate;
- Proprietary companies should

be exempt from filing accounts; • They should also be exempt from Industrial Training Board levies unless, if it can be established beyond reasonable doubt that such a measure would be detrimental to the best interests of the industry;

• Invest income surcharge should be abolished to stimulate investment;

• Corporation tax levels should be further reduced for small businesses;

• Capital Transfer Tax should also be reduced "to preserve the continuity of small businesses";

• Proprietary companies should be exempt from the need to supply information for Government statistical purposes—thus saving on time and manpower which would be better served in managing a small business.

Measures

One of the measures favoured by John Cope and John Wakeham, who proposed the proprietary company amendment for the last Companies Bill, is that small businesses should not have the same audit requirements as large multi-national companies.

Mr. Wakeham said: "Our amendment would preserve the auditing regulations but would allow the proprietary company to dispense with them if it wished and if it could get a certificate from its auditors which certified its solvency."

If the auditors do not feel they can give this solvency certificate after a limited audit then the proprietary company would need to have a full audit and file its accounts at Companies House in the normal way."

There remains, however, a great deal of doubt about this and some of the other measures which it has been proposed should be introduced with the adoption of proprietary company status.

But it would appear that proprietary companies will play a role in a Conservative Government's plans to reduce some of the constraints of company law which the party believes have restricted the development of profitability of small businesses in this country.

Andrew Taylor

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FINANCE FOR SMALL COMPANIES V

Government Support

System displays some lack of logic

A WIDE variety of specific tax reliefs and other measures designed to be of help to the smaller firm have been introduced by the present Government in the last couple of years. Yet criticism of our fiscal system and its effects upon small enterprise has continued unabated.

The basic fault, according to the critics, is that we have evolved systems of taxation on income and capital with a view to raising revenue for the public sector and in the process to re-distribute income and wealth, we then run round in

circles making concessions for smaller businesses.

What we should have done instead—and what we should still aim to do—is to devise taxation systems that are innately favourable to the seedling and growth of new business, and then worry about the other considerations.

A broadly similar criticism could be made of the various Government aid schemes and public sector agencies which offer financial assistance to industry. With one or two exceptions, none of these potential sources of finance exists

specifically to help new businesses. For the most part the finance they provide to new businesses is very limited and tends to be ancillary to their other activities.

A more fundamental point is that the role of the public sector in providing finance for small businesses would be very much more limited (if indeed public sector assistance were needed at all) and the question of the adequacy of private financial institutions' arrangements for providing equity and loan finance to smaller businesses would be considerably less relevant if it had not been for the changes in the distribution of income and wealth which the taxation system has helped to bring about.

The decline of the private investor and the rapid growth of pension funds, insurance companies and other institutional investors have created a new kind of "Macmillan gap" which has been only partly filled by the emergence of new bodies like ICFC. The fastest growing institutions, the building societies, are barred from making any equity investments at all, while the others are constrained by administrative considerations in the extent to which they can invest in small companies.

Similar considerations of administrative cost—taken together with lack of knowledge on the part of small entrepreneurs and perhaps also an aversion to becoming entangled with the Government bureaucracy—apply to many of the Government's own arrangements for assisting industry.

Regional aids, it is true, are an exception. There is no lower limit on the size of projects which may be considered for regional assistance under Section 7 of the 1972 Industry Act; and the lower thresholds for regional development grants, which are provided automatically and not selectively on the basis of specific criteria like Section 7 assistance, are trivial in amount.

But, as the Wilson committee pointed out in its interim report on the financing of small firms, most of the sectoral assistance schemes under Section 8 of the 1972 Industry Act have minimum project sizes which effectively debar the smallest firms.

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Better

In a number of instances the thresholds have been reduced with a view to reducing the discrimination against small firms. Yet, as the Wilson committee commented, there is always a temptation to use thresholds to restrict the number of potential applicants for reasons of convenience rather than as a result of any conscious balancing of the benefit against the cost.

The Selective Investment Scheme—which, like its predecessor, the Accelerated Projects Scheme, is limited neither sectorally nor geographically—is deliberately confined to the largest projects costing a minimum of £500,000.

Even in the case of Government aid schemes tailored specifically for the small firm—such as the small firms employment subsidy—one can find forms of discrimination which debar certain categories of small business.

This particular scheme was extended last year both in scope and in duration. But outside the assisted regions (special development, development, and intermediate areas) and the inner city partnership areas, it is confined to manufacturing industry and excludes service firms. If the purpose of the scheme is to encourage small employers to take on new recruits during a period of high unemployment—as indeed is the case—it is hard to see the logic of this restriction.

The range of facilities provided by the various public sector agencies cannot more-over, be said to be sufficiently comprehensive to offset the discrimination against certain categories of small enterprise present in the Government's own industrial assistance

schemes. Most of the innovative projects supported by the National Research Development Corporation, which was set up some 30 years ago, have lain within the field of smaller companies, it is true.

But there are no equivalent bodies in England which fully match the activities of the Scottish Development Agency and the Highland Islands Development Board (HIDB) in Scotland, the Welsh Development Agency and the Development Board for Rural Wales (DBRW), and the Local Enterprise Development Unit in Northern Ireland.

The Council for Small Industries in Rural Areas (COSIRA), the body in England broadly corresponding to the HIDB in Scotland and the DBRW in Wales, is limited to rural areas and to country towns with fewer than 15,000 inhabitants. It is debarred from advancing equity, and cannot invest in certain service activities, such as retailing. The National Enterprise Board has so far invested in barely a handful of really small businesses (though it has recently set up a joint venture with the Midland Bank to invest in small businesses in the Northern Region).

Some local authorities have begun in recent years to give financial assistance to new established businesses at several inner city authorities have been given additional powers by last year's Inner Urban Areas Act. But only a few instances, usually under the powers provided by private Acts, have local authorities advanced equity finance.

As suggested at the outset, however, the remedy may not be to widen the scope of Government and public sector agencies and arrangements so as to reduce the discrimination against small firms, but to change the way in which the Wilson committee proposals for the creation of Small Firm Investment Companies, with special tax privileges, and for changes in company law which would permit small firms to issue redeemable equity, these would be of palliative.

Instead of addressing ourselves to the symptoms, attention ought to be focused on the underlying causes of the difficulties small entrepreneurs face in attracting and retaining capital finance—which are to be found in the system of taxation.

Colin Jones

HP and Leasing

Options to be considered

LEASING AND hire purchase have vied with each other for some time now as sources of finance suitable for corporate expansion.

It is worth saying straightaway that the argument is probably futile since the merits of both methods depend almost entirely on individual cases. Hire purchase may have been around for longer but from recent statistics it appears that leasing is now gaining the upper hand.

Certainly its growth during this decade has been phenomenal: over the past ten years new business handled by members of the Equipment Leasing Association (ELA) increased ten times. Moreover the latest figures from the ELA, which claims to account for four fifths of the leasing industry, show that new business during 1978 amounted to £1.2bn, a rise of about 80 per cent on the £675m of new assets acquired for leasing in 1977.

Others dispute these figures—mainly because of the uncharted growth of non-financial lessors—with some estimates of total leased assets topping £2bn. Hire purchase, meanwhile, is no pedestrian partner but its growth last year was somewhat less dramatic. At the end of 1978 total outstanding liabilities of the Finance Houses Association totalled \$4.9bn, of which \$1.7bn related to business customers (excluding leasing, of course). This was 28 per cent higher than the figure of \$1.33bn at the end of 1977.

Leasing has therefore become a strong challenger to the business end of hire purchase, much in the way that credit cards have competed with HP in the High Street.

Small companies, however, should not be carried away by these figures, particularly by leasing's seemingly remorseless growth. Each method has, of course, its own staunch adherents but it is generally acknowledged that the merits of these forms of capital finance depend largely on the tax and cash position of individual companies. Each case should be treated separately and it is important for small companies seeking to expand in these ways to sound out independent advice first. This has not always happened in the past.

For instance, large companies with strong reserves would not doubt not think twice about leasing if the rates were competitive. Smaller companies with a small asset base, on the other hand, might in many circumstances be better advised to concentrate on enlarging it.

The essence of leasing is that the user or "lessee" never actually owns the equipment—whether car, computer, digger or bulldozer. The company providing the finance has legal title to the goods.

With HP the owner is the user and after a period of monthly instalments (hence the phrase "instalment credit") the customer completely pays off the cost of the equipment.

This fundamental distinction between leasing and hire purchase is important because it is the owner of capital equipment who is able to claim the Government's generous capital allowances. As a reward for buying a new piece of machinery, a car or an item for the office, companies are permitted to offset the full value of this equipment against taxable profits and therefore defer paying this tax for a full year.

For a variety of reasons however—it may already be claiming stock relief or using previous tax credits—a small company may not have sufficient taxable profits to take advantage of these 100 per cent first year capital allowances. This is known as not having sufficient "tax shelter."

The same incentives, however, are extremely attractive to companies with large taxable profits,

like banks and finance houses, unable in their normal business (through stock relief, for example) to take advantage of their tax shelter.

For this reason it is the big clearing banks—with their leasing subsidiaries Lombard North Central (NatWest), Mercantile Credit (Barclays), Midland Montagu Leasing (Midland), and Lloyds Leasing (Lloyds)—which dominate the market. These groups buy the equipment, claim the allowances and pass on the benefits to the user (or "lessee") in the form of lower rentals.

Some observers feel that in some cases not enough of the capital allowances are passed on to the lessee and for this reason it may be cheaper in the long run to buy the asset outright or use HP.

It is difficult, particularly for the small company whose resources are often limited, to compare leasing and hire purchase. Leasing rates are quoted in £s per £1,000 of equipment; by contrast HP commitments are more neatly set out in the form of a fixed sum at the beginning of the agreement plus regular monthly payments thereafter.

The current boom in large-scale or "big ticket" leasing means that small companies may experience some difficulty in finding lessors prepared to lease small items, and because rates are likely to be proportionately higher at this end of the scale, HP in these instances can be a better bet.

The main point to remember, however, is that there are no hard and fast rules and each company should consider the options with regard to its own financial position. Many of the big companies offer leasing and hire purchase, while Industrial and Commercial Finance Corporation Leasing, thanks to its close relationship with ICFC, claims to provide all-round advice on corporate financial requirements.

Car leasing has shown the most spectacular growth in the past year—motor cars purchased for lease in 1978 totalled £343m—against £57m in 1977—but many people feel it is vulnerable to legislative change. This is because leasing companies can obtain 100 per cent capital allowances for cars whereas the relief available to industrial companies owning their own cars is limited to 25 per cent a year, with an overall write-off ceiling of £1,250 for each car.

Small companies must weigh up the choice of leasing or hire purchase (or indeed other forms of medium-term finance) on the basis of rates available and their own individual requirements. Both can offer great flexibility and can be arranged so that periods of positive cash flow coincide with rental payments or hire-purchase payments.

One advantage of leasing which is often put forward, though not always by the industry itself, is the facility it offers as off-balance-sheet finance. Apart from the impact of rental payments on cash flow, the effect on a lessee's balance-sheet is nil. A leased asset is not capitalised in the account—in other words it does not have to be shown under indebtedness. Lessors are against capitalising these assets but there is a big and as yet unresolved debate on this in the accounting profession.

Leasing and hire purchase are still highly popular forms of capital finance. Leasing has recently grabbed the limelight, partly, as some of its supporters admit, because it has suddenly become fashionable. Small companies should therefore take extra care to consider all options.

Tim Dickson

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FINANCE FOR SMALL COMPANIES VI

Big Companies' Involvement

Concern to reduce unemployment

DURING THE past year a growing number of large companies have developed ways of helping small businesses to start up and expand. This does not usually involve the direct provision of finance but involves ways for them instead to acquire many other assets and skills they may be lacking. It is usually based on a sound commercial outlook by the large companies which are prepared to spend money helping solve the problems of small businesses but are not prepared to offer them special financial terms as subcontractors and suppliers.

The main reason why large companies are doing this is that they have become increasingly worried about both the long-term effects of Britain's high unemployment rate, especially among young people, and about the decline of inner cities. Along with politicians of all the main political parties, top industrialists realise that it is the interest of their own companies that they should help halt the decline of small businesses because it is the small rather than large concerns that are most likely to take on extra labour during the next few years. Small companies can also help to bring decaying city centres to life and are also needed by the large companies as innovators, suppliers and subcontractors.

Large companies involved in the initiatives include Shell UK, BP, ICI, Pilkington, BOC International, IBM, Cadbury Schweppes, Marks and Spencer,

Tesco, the British Steel Corporation, and financial institutions such as Midland Bank, Barclays Bank and the Industrial and Commercial Finance Corporation. Some have done work in their own localities so that, for example, the Pilkington "company town" of St. Helens or the community surrounding a steelworks may have a chance of surviving when its large local employer sheds labour and closes plants. Other companies like Shell UK and IBM have developed their initiatives over a wider front.

Several

There are several ways that large companies can provide help. It can be done through internal reforms so that small companies' bills are paid promptly and small businesses are given adequate opportunities to bid for subcontract work and purchasing orders. A large company can also provide expert help to solve particular managerial and technical problems, either on an ad hoc basis or by seconding staff for perhaps two or three years. It can also provide land and buildings where small businesses can develop, and it can sell off unwanted product lines or subsidiaries to new owners.

Such help can also be channelled through a multitude of organisations that have sprung up recently. One of the oldest is the Action Resource Centre, which acts as a clearing

house for secondments, while the most recent is the London Enterprise Agency set up earlier this month by nine large industrial and financial concerns in conjunction with the London Chamber of Commerce and Industry.

Two men have been particularly responsible for encouraging interest among large businesses. One is Mr. Michael Pocock, chairman of Shell Transport and Trading, who devoted his Ashridge Lecture two years ago to the subject under the title "More jobs: a small cure for a big problem." The other is Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who during the past 18 months that he has been coordinating the Government's small companies policies, has underlined the role of large companies. Mr. Lever has also linked up with Mr. Peter Shore, Environment Secretary, so that the Government's small firms and inner city policies have been promoted together.

Mr. Pocock said he believed that large-scale industry, while fulfilling its over-riding duty of remaining efficient and profitable, also had a duty to help in its own localities with employment and other problems. "If we want labour mobility, jobs in depressed areas, the rebirth of urban centres, then we must encourage the small business and accept the imperfections and inequalities which may come with it," he declared. He recommended that a large

company should have a positive management policy for supporting small companies and should reflect this policy in its purchasing and contracting. It should also find ways of helping small companies with sites, space and equipment which might be surplus to its own needs and should consider providing "credit or financial pump priming" for new small businesses. More recently Mr. Lever spelt out his own ideas on the subject. He acknowledged that businesses might be suspicious of a large company's largesse and could well wonder whether it was "A Trojan Horse or a gift horse." But Mr. Lever was sure that the idea was "not only well-intentioned but makes very good sense and is potentially very important."

He suggested two main areas where large and small companies could find a "mutual interest." One was "commercially based" where a small company had a commercial relationship as supplier, subcontractor or customer to a large company. The other was "broadly based" where there was a common interest in the local economy, community and environment. Help could then be channelled through special organisations like the London Enterprise Agency.

Following Mr. Pocock's lecture, Shell UK surveyed its own internal behaviour towards small companies. Out of this has emerged the Shell Small

Business Initiative which covers a number of developments, and has been encouraged by Shell UK's chief executive, Mr. John Raisman.

Bills

Shell's survey showed that it dealt with a large number of small companies but that its treatment of them could be improved, especially on the payment of bills. Its main conclusion, not surprisingly, was that the best help Shell could give was to buy more goods and services from them. As a result Shell managers around the country have been told to make sure bills are paid promptly and that they have facilities to handle small companies' non-standard invoices. Purchasing procedures have also been reviewed to try to ensure that small companies know about Shell's purchasing and other requirements.

It was also suggested in the survey report (prepared by a Shell marketing executive together with a civil servant seconded by the Department of Industry) that surplus land could be made available to small businesses and that more advice and expertise could be given to them either directly or through intermediate agencies. As a start on the surplus land issue, Shell is making a two-acre site on the edge of its Wandsworth oil terminal on the Thames in South London available to the

London Enterprise Agency for a small companies' estate. It is also seconding a property executive to the Agency to help develop this and other projects.

A Shell Small Business Unit was set up to administer the range of initiatives that resulted from the report. These include an academic research review on small companies, a business competition for small companies in the north organised with a local agency called Enterprise North and Durham University Business School, and a New Enterprise Development Project supported jointly in Durham with ICI and the Industry Department. Shell has also been the prime mover behind the London Agency.

It has also seconded a 50-year old former marketing manager, whose job vanished in an internal re-organisation, to be the manager of the Birmingham Action Resource Centre, and a younger marketing executive has been seconded for two years to a small electronics company, Datapod of Woking.

Companies such as Shell often find that secondments are mutually beneficial to them and the small business, although some small business organisations complain that the seconded executive can often take a long time to adjust to the scale and informality of his new surroundings. He can also find it difficult—and in some cases impossible—to re-adjust when he returns to his old com-

pany. IBM has had formal secondment arrangements for some time and has a fixed quota of one seconded for every 1,000 of its UK employees. This means that it has 15 executives absent at a time at a cost of about £250,000 a year in pay and benefits.

The advantages that such large companies believe they gain include broadening the experience of the seconded executive into retirement, as well as the opportunities offered to influence community and local planning and to advertise their "social conscience."

Booklets

Ideas for helping small companies to become suppliers to large businesses have been taken up by the Government, which is to publish two booklets dealing with the public sector and with recommended good practice, and by the Institute of Purchasing and Supply.

The Institute has held a couple of conferences on the subject and various bad, as well as good, practices have emerged. While some companies lend management and even money to help small suppliers, others have a positive policy of boosting their own liquidity by delaying the payment of bills—something which can hurt and maybe even kill off a small business. Many large companies also have such complex stan-

dardised procedures that small companies have no chance of competing on equal terms with larger competitors.

Some large companies also damage small concerns by adopting dual-sourcing policies, which may make regular production difficult. The remedies suggested are that large companies should place orders in quantities that small companies can manage and should remember that a relatively insignificant act like cancelling a small order or returning faulty goods may break a small business if it is not handled carefully. They should also pay bills promptly.

Many of these purchasing and other ideas are of course not new and have been practised for some time by various companies. But the sudden surge of interest in the subject has, not surprisingly, made small companies curious of the large companies' motives. Most small businessmen value their independence and do not want to be dominated by one multinational's orders and largesse. The large companies concerned are well aware that their initiatives can be dismissed as simply the latest "social responsibility" propaganda craze. But they insist that what they are doing is in their own "enlightened self-interest" and is also beneficial to the small firms concerned and the community.

John Elliott

Useful part to play

ONE OF the games that politicians, civil servants and leaders of representative organisations like to play is inventing, merging, unscrunching and closing down institutions. Indeed the game has been played with such fervour in the UK over the past decade that politicians now are doing their utmost to avoid committing themselves to any very radical initiatives. This is because it is becoming generally recognised that the creation or abolition of an institution for ideological reasons is, more often than not, a counter-productive act.

As a result, while an institution like the National Enterprise Board is promised a new but restricted lease of life by Conservative politicians who three years ago were determined to close it down, other ideas like the setting up of a Small Business Agency are put on a back shelf.

Most politicians in the current general election campaign have shown little interest in such an agency and there is no sign yet of any firm proposals from either of the two main political parties to set one up in the near future.

This is despite the fact that the Wilson Committee report on small businesses, published last month, did say that such an agency might well be needed. It is to return to the subject in its final report during the coming year. In the meantime it rested on somewhat confusing conclusions to the effect that while such an agency was probably needed, the Government could set up an English Development Agency as a first step or, if that proved to be too much, it could just extend the provision of equity to small concerns.

But there was clearly some interest among the members of Sir Harold Wilson's Committee in finishing up with the sort of Small Business Administration that exists in the U.S. and, under a number of different guises

elsewhere in Europe. It was pointed out that such an agency could be responsible for administering a guarantee scheme for clearing bank loans and could also complement and take over the functions of CoSIRA with similar small companies aid for urban areas. Once an agency was set up, it could be given other tasks as well, and would almost certainly take over the Industry Department's small companies counselling services and maybe other functions of the Department's small companies division.

But neither Conservative nor Labour politicians are sure what sort of bank or other guarantee schemes they might be prepared to back, and so are lukewarm about an agency. The Industry Department is obviously jealous of its small Companies division. Civil servants also generally prefer to keep the reins of power (in this case the awarding of financial and other aid) in their own hands, and so may well not press for an independent agency to be created.

For the time being it seems therefore that the small businessman will have to continue to struggle to decide which of all the sources of help available to him are the best for his needs. Ironically, the greater the political and industrial interest in helping small businesses (in the most difficult of circumstances for the businessman to decide where to turn. This is because, in addition to all the various sources of finance, there are also a mushrooming number of private sector initiatives linking up with local councils, chambers of commerce, charities and universities, as well as to the Government's own agencies.

The following articles look at three of the most important sources of managerial and other help that are available. One is in the public sector—CoSIRA. The other two are in the private sector and show how large companies have tried to help small businessmen in the North-East and in London.

J.E.

Government and other agencies

CoSIRA

THE COUNCIL for Small Industries in Rural Areas (CoSIRA) has come a long way since its genesis as the purely advisory Rural Industries Bureau in 1921. The product of an amalgamation in 1968 of the Bureau, the Rural Industries Loan Fund and the rural industries organisations formerly employed by Rural Community Councils, CoSIRA now functions as one of the Development Commission's main agents in regenerating the business life of rural England.

Since the award of a new remit to the parent Development Commission four years ago, in which it was charged with the creation of 1,500 jobs a year in rural England up to 1985, CoSIRA has been working with both a new management organisation—the old unwieldy Council of Management being replaced by a smaller board of directors—and a new set of priorities pegged to the Commission's job creation programme.

Its prime concerns now are to help businesses in the Development Commission's Special Investment Areas and the government's Assisted Areas, together with those in rural areas identified by CoSIRA's Small Industries Committee as requiring special attention. These have come to be known as "pockets of need" and have been identified in otherwise more prosperous parts of the country outside of the Assisted and Special Investment areas.

Operating this year on a modest budget of some £6m, CoSIRA carries out much of its role through the provision of locally-based expert advice, technical and management services, specialised training facilities and loans.

Not least among its activities, however, it operates as the agent for the design, construction and

management of the Development Commission's advance factories and workshops outside the Assisted Areas—a programme to which the Commission has given over-riding priority. From a mere 5,300 sq ft of space completed three years ago, CoSIRA last year completed or had under construction 21 new factories or extensions providing over 65,000 sq ft. Overall, CoSIRA is involved in over 250 advance factories already approved for the next few years with sizes ranging from 850 sq ft nursery units to 5,000 sq ft buildings.

Beyond this formal remit, CoSIRA also endeavours to respond to requests for help from eligible businesses in all rural areas, particularly those providing an important service to local communities, seeking to provide additional or diversified employment—or indeed trying to protect existing jobs.

CoSIRA's role of improving the prosperity of existing small businesses in the countryside is achieved first through the supply of advice from its full-time Small Industries Organisers, at least one of whom is based on every English county. These in turn call on the advice of local voluntary committees—the Small Industries Committees—which work closely with local and county councils on a wide variety of problems.

Apart from advice, CoSIRA is lending some £51m this year on buildings, equipment and the provision of working capital. Up to £50,000 is available to any enterprise, with loans on buildings repayable over a period of up to 20 years and those for plant or working capital up to five years. Normally loans are made at the National Loan Fund (NLF) rate—3 per cent below Base Rate; but for projects with particularly bright job creation prospects—and if

the cost per job is right—a further discount of 3 per cent on the NLF rate is possible.

CoSIRA's services and loans currently are available to manufacturing and servicing businesses employing not more than 20 skilled people and located in rural areas or towns of not more than 10,000 population in England (small businesses in

Scotland and Wales come under the aegis of their respective Development Agencies). In Development Areas only, CoSIRA can also help those engaged in the tourism trade. It cannot help agriculture, professional firms or the retail trade—a remit which is considered unnecessarily restrictive by CoSIRA's chairman Clive Wilkinson. The retail trades issue is of particular concern, and in fact CoSIRA is now looking in principle at a pilot scheme for assisting the retail trades, on the basis that their disempowerment from rural areas

has in itself contributed significantly to depopulation. It has also invested considerable resources in training facilities at Wimbledon, mainly in the skills of the traditional rural industries, and its client firms are encouraged to take on apprentices through grants to employers of up to £1,000 a year for each apprentice.

Although the funds available to CoSIRA have increased enormously—this year's allocation is 400 per cent up on last—these are still minute compared with Department of Industry incentives. "Even the Scottish and Welsh agencies

have three times as much to spend as we do," points out Mr. Wilkinson.

That situation may yet be improved as a result of last month's Wilson Committee Report on Financial Institutions. This urged that CoSIRA be allowed to advance equity and that its remit be formally extended to cover retailing. The latter would be welcomed by CoSIRA, the former is regarded with some caution. "It would only be acceptable on a buy-back basis," observes Mr. Wilkinson.

John Griffiths

London Enterprise Agency

THE LONDON Enterprise Agency was set up earlier this month by nine financial, industrial and commercial concerns to provide aid to small businesses. It is based on the London Chamber of Commerce and Industry offices in the City and is probably the most ambitious co-operative aid project yet developed to revive the fortunes of both inner cities and small businesses.

Its founder members are Shell UK, which has co-ordinated preparatory work over the past year, IBM, Marks and Spencer, BOC International, BP, GEC, Barclays Bank, Midland Bank and the Industrial and Commercial Finance Corporation. They have subscribed about £20,000 each to the initial annual budget of £200,000 which will be spent on administrative costs and research and consultancy fees. More member companies may be recruited later.

The Agency has no money of its own to channel into small companies but one of its jobs will be to help small businessmen obtain the equity and loans they need from banks and other institutions. Clearly, access to the Midland, Barclays and the

ICFC will be eased because they belong to the agency; but they each insist that they will not be offering any preferential terms.

The idea of the Agency emerged early last year from discussions among various companies. Mr. Peter Shore, Secretary for the Environment, then invited a group of company chairmen to a dinner last June at which Mr. Harold Lever was also present, so linking the twin interests of reviving inner cities and stimulating small businesses. A paper proposing the creation of an agency to help with inner city small businesses' problems was presented by Lord Byers, the former Liberal politician, who is now a consultant to Marks and Spencer. At the suggestion of Mr. John Raisman, Shell UK's deputy chairman and chief executive, a working party of most of the interested companies was set up, and the agency was launched earlier this month.

Tesco was on the working party but is not a full member because it believes that too much reliance should not be placed on small concerns to help inner city blight. But it will provide help to the agency. The

two clearing banks—Midland and Barclays—were not on the working party but are full members, as is GEC, despite considerable scepticism voiced at Mr. Peter Shore's dinner by its managing director, Sir Arnold Weinstock.

The agency is headed by a director Mr. Brian Wright, who was the economics director of the London Chamber. Its staff consists of three executives seconded by the founder member companies. In addition, the representative of each of the companies on the agency committee is available for help and will be responsible for providing access to his own company's experts when needed for a specific problem.

One of the Agency's objectives is to develop small companies' estates containing central services. It is making a start on a two-acre site provided by Shell UK in Wandsworth on the edge of an oil terminal. The Agency will also provide help and advice to other similar co-operative projects in the London area. One of its founder members, Mr. David Davis, a former Marks and Spencer stores manager, is, for example, on the Board of the Lambeth

Industries Project which is converting a former Pre television factory into small company units.

"The Agency has taken over the London Chamber's 'starting up in business service' which provides general counselling and training, courses, and conferences, and it is intended to make use of the experience of existing small businesses so that a service similar to that of Enterprise North is built up."

Reports will be prepared on London area problems, and a register is to be drawn up of resources available from large companies, including seconded executives and temporary expert help. Small companies approaching the Agency therefore either receive advice from one of its staff, or from its representatives in the member companies or from experts in the companies themselves. A bureau is also envisaged linking up executives in large companies who wish to invest in small concerns with small businessmen. There will also be contacts with the Industry Department's counselling services.

J.E.

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Enterprise North

IN THESE days of harsh economic realities it stretches credibility that a group of businessmen should voluntarily give up some of their time to give free advice to budding entrepreneurs and small businessmen. Yet that is precisely the concept that lies at the heart of Enterprise North.

The project was set up some five years ago by Herbert Loeb, a successful businessman in the Tyndale area. He was so convinced that a substantially increased number of business formations was essential to any revitalisation of the North-East that he persuaded a small group of established businessmen to form groups and give the benefit of their experience to others.

Today Enterprise North operates seven "panels" in the area embracing Northumberland, Durham, Cumbria, Cleveland and Tyne and Wear. Each panel comprises around five practising businessmen whose collective experience generally embraces accountancy, production, marketing, engineering and service industries. They will provide advice on proposals for a new business venture in their area.

Discussion between the panel

and a budding entrepreneur might range across perceived and unperceived problems and ways of overcoming them. The panel might also suggest ways of improving a proposal and, if it is felt relevant, might introduce the entrepreneur to banks and other sources of assistance. Though most panels will consider any type of business proposal—including retailing—the emphasis in the past has been on manufacturing and industrial services.

This counselling is entirely confidential and free of any charge. The introductions to the panels are made by a central co-ordinator. Initially this task was carried out by Mr. Denis Crow at Newcastle Polytechnic. But when he left the Polytechnic the task was taken on by Durham University Business School (DUBS)—fast establishing itself as a force in the small business sector in the North-East, where for the last three years it has acted as a focal point for Enterprise North, disseminating inquiries as they come in and passing on those felt worth while to the relevant panel.

The co-ordinator, who is attached to the DUBS Small

Business Centre, initially had a part-time role, financed by the Department of Industry. But since 1977 this job—carried out by Mr. Derek Craven, who has a small business background himself—has been full-time on a three-year funding by the DoI. There is also a new research officer—financed by the Joseph Rowntree Charitable Trust—and an officer who co-ordinates the relationships between large companies and new ones (he has been seconded for three years by ICI). Additionally, Shell (UK) is financing for one year, a research officer who is looking into the effectiveness of the Small Business Centre and Enterprise North.

The close links between Enterprise North and DUBS have been extended into yet another area recently with a "Build your Own Business" competition, sponsored by Shell (UK), which is now in its closing stages.

The co-ordinating centre for proposals that may be assessed by Enterprise North is at Durham University Business School, Mill Hill Lane, Durham, telephone, Durham 41818.

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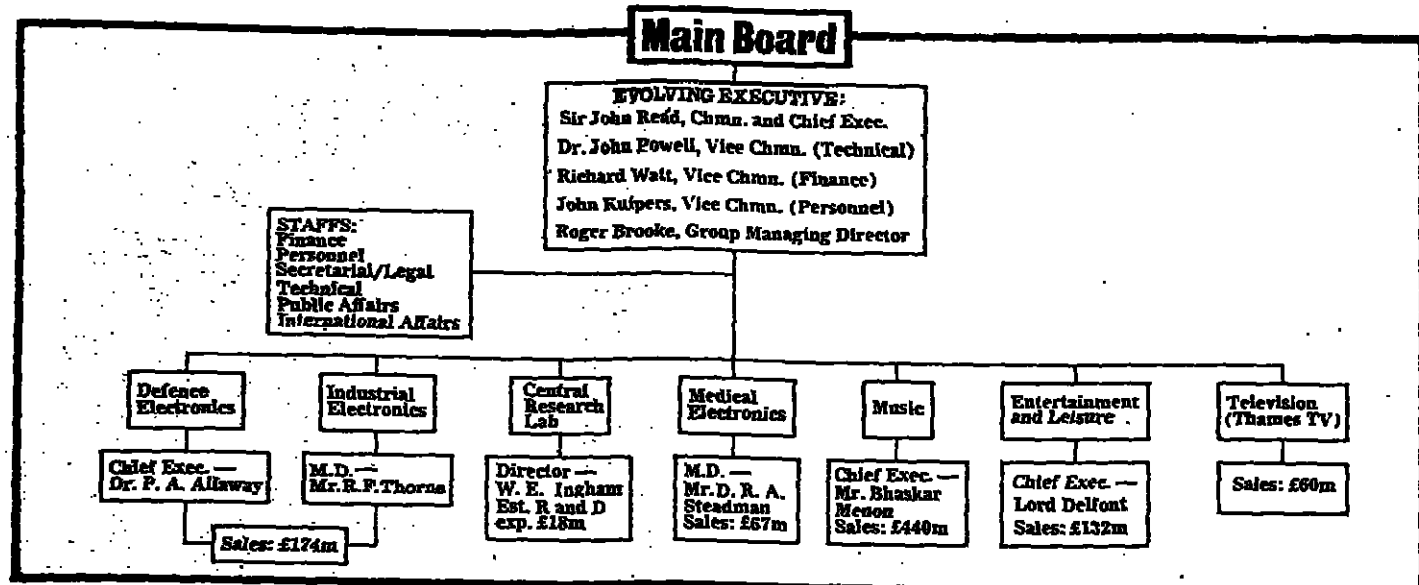
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THE MANAGEMENT PAGE

مكتبة النور

EDITED BY CHRISTOPHER LORE



EMI's interests range from the brilliant, but expensive X-ray scanner and the Selfridge and other hotels, to flops like the Sex Pistols, and hits like Kate Bush, and the Oscar-winning film, the Deer Hunter.

EMI puts its talents under the scanner

BY NICHOLAS COLCHESTER

IT IS a tough assignment to consolidate the position of an over-extended medical electronics company in the face of companies like Siemens, Hitachi, Philips and General Electric of the U.S.

It is a challenge of a very different sort to master a large music business, at a time when the cassette tape recorder is leaching sales out of the record market, and when companies like Columbia and Warner Brothers are competing vigorously for what remains.

Mr. Roger Brooke, 48, will take on both these jobs, and more, when he becomes group managing director of EMI in June. He will also have to establish for himself the authority he needs to do them, because the whole top management structure at EMI is in a state of flux.

This major British company is a conglomerate which has yet to develop that clear-cut pattern embracing independent decentralised managements under a watchful central eye that is the hallmark of the most effective of its type.

Diversification

EMI was formed as the result of a merger in 1931 to be a maker of gramophone equipment—what would today be called consumer electronics equipment. It diversified in two directions from this central product line. On one hand it became a sophisticated electronics company and defence contractor, developing the BBC's first television system and later some of the first British radar equipment. On the other, it became a force in the music and record business.

In the early post-war years EMI operated with declining success as a loosely knit confederation of subsidiary com-

panies. With the arrival of Sir Joseph Lockwood as chief executive in 1954 the company's management was centralised and in the years till 1969 the company was run by Sir Joseph in a personal and powerful way. These years saw the dwindling of EMI's consumer electronics business and the rise of the musical side.

Capitol Records of the U.S. was acquired in 1964 to make EMI one of the world's major record companies. From the early 1960s onwards EMI profited immensely from music—and in particular from the Beatles. In the last part of that decade the company used its musical wealth to move beyond music into entertainment and leisure. It bought the Grade Organisation, and with it Lord Delfont, and the ABPC (Associated British Picture Corporation) cinema business and has since built on this to become one of the world's important film companies.

Sir John Read became chief executive in 1969. Before joining EMI in 1965 he had worked for 19 years with Ford in the U.K. There he had handled a number of senior jobs, including finance, administration, personnel, general management and marketing and when he left was director of sales for the U.K.

In steering EMI's product development Sir John's main contribution was to harness EMI's electronic skills. He realised that the EMI research laboratories, largely occupied with the development of defence equipment, should be deployed into other activities. One of these was the development of the fire and burglary protection business—the group bought Associated Alarms and Minerva Fire Defences in 1969. But by far the most spectacular new excursion was the EMI X-ray scanner.

If the 1960s were years of

music and entertainment for EMI, the greater part of the following decade were years of advanced and extremely expensive technology. Sir John Read installed Dr. John Powell from Texas Instruments as group technical director in 1971. Technology was and is Powell's strong point and his first task was to carry out a "technological audit" of EMI to bring its unrecognised skills into the open. His most exciting discovery was the work of Godfrey Hounsfield. This EMI scientist had developed the basis for the Computed Tomographic X-ray scanner.

Sir John Read allowed the pendulum to swing back to a more decentralised style of management—indeed, with the size that EMI had by now acquired and with individuals like Lord Delfont in charge of parts of it, to have held sway over the whole group would have been some feat.

Yet it is probably fair to say that a "seat of the pants" style of management has persisted at EMI to this day. This style of control has been both flexible and fallible. It was flexible enough to allow EMI to seize the brilliant discovery of the scanner and mount a headlong attack, with no previous experience, on the largest manufacturers of X-ray equipment in the world.

It was fallible in that disasters often seemed to catch the EMI management almost unawares—a period of sudden heavy losses for Capitol Records in the early seventies; the use-

less purchase of Voxson, an Italian TV manufacturer; in 1972; and the recent relapse of the medical electronics business.

In the recent past the image of EMI has been dominated by the ups and downs of the EMI scanner. The group decided to go it alone and develop this invention into a product range in 1972. It delivered the first scanner to a customer the following year. Over the next two years EMI became the darling of the stock market on the strength of the scanner.

It was during this time, too, that the competition emerged and rapidly developed—Ohio Nuclear (which owned Technicare), Pfizer, General Electric, Siemens and Philips. But EMI respected the benefits of a two-year lead. Scanner sales quadrupled from £5m in 1974 to £20m in 1975 and then doubled and doubled again to £93m in 1977.

Then a variety of problems hit EMI all at once and a profit of £14.7m on scanners in 1977 became a sudden and startling loss of £13m in the year to June, 1978. The market in the U.S. in which EMI had invested much of its effort, evaporated, partly because the Carter Administration put a curb on spending by hospitals and partly because EMI was leapfrogged by General Electric of the U.S. which produced a body scanner of greater speed. EMI's terms of sale became increasingly adverse—in particular a 30 per cent down-payment for each machine had to be abandoned.

At the same time EMI's cost of providing service more complicated. Its research and development bill for the badly needed new range of scanner machines was daunting—in 1978 it was running at £1m a month. Moreover EMI was saddled with promises to update the machines of some of its early customers and to provide free service to others for an initial period. The market had caught up with EMI with a vengeance.

With the benefit of hindsight it is clear that EMI's brave decision to go it alone with the scanner involved a number of errors of judgment:

1. EMI underestimated the difficulty of protecting with patents a "software" invention—Hounsfield had invented a new principle rather than a new machine.

2. EMI underestimated the resources of finance and management it would need to stay ahead once the formidable competition got moving. A product like the scanner struck straight at one of the major product lines, X-ray equipment, of companies like Siemens.

3. EMI allowed its engineers scope for too many variations in the product. This lost economies of scale and made the

mixture of geographical and product divisions. Sir John Read has now established a structure, with the aid of McKinsey, of world-wide groupings differentiated only by product and each with its own managing director and finance director. For instance, the international music business interests have been drawn together under Mr. Bhaskar Menon. The details of the different divisions are given in the diagram.

At the top level the path towards today's management structure has been an erratic one. In 1974, when the scanner was EMI's major pre-occupation, Dr. John Powell became managing director, with Leonard Wood as assistant managing director responsible for the music interests outside the U.S. In 1976 Richard Watt was made a second assistant managing director with responsibility for finance.

Triumvirate

By 1977 it was clear within EMI that a major problem was brewing in the scanner business. It became vital to let John Powell concentrate on facing this threat without distraction from EMI's other interests. So a triumvirate of managing directors was created with each man taking on an odd mixture of responsibilities. Mr. Watt took charge of leisure and finance. John Kuipers coped with personnel and music outside the U.S. Dr. Powell looked after research and medical electronics.

It is implicit in what has happened since that this set-up proved most unsatisfactory. Sir John Read today has the exhausted look of one who has

tried to run a large bewildering business all single-handed for a year. He has concentrated on building the capacity of the division to run themselves efficiently in their new format.

The three managing directors were made vice-chairmen in summer of 1978. In their positions they are able to see the technical, financial personnel developments within the group, but they will have decreasing amount to do day-to-day line management. So the stage is set—perhaps one should say left bare—for the arrival of Mr. Roger Brooke. He started his career as a diplomat and after 11 years moved to the Industrial Reorganisation Corporation organisation set up by Labour Government in the 1950s which zealously set a restructuring sectors of British industry. After the IRC disbanded in 1971 he became director of S. Pearson and a company whose interests include newspapers, banking, publishing, leisure and tourism.

It will be his function to become the linchpin in the formalised McKinsey-style structure that EMI has now adopted. It will be his task to develop what Sir John calls "the interface" between the options in their very different business worlds and the control that is embodied in monthly meetings of divisional chiefs with the executive. Object of the exercise is surely to be a smoother provision for the group as a whole instead of the roller-coaster ride between triumph and disaster which EMI's ad hoc management style delivered so far.

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THE ARTS

Riverside Studios

Marta Fabian

by ANDREW CLEMENTS

Eastern Europe cherishes its folk tradition rather more carefully than we do in Britain. The folk instruments of Hungary and Romania are encouraged and widely taught, but only the cimbalom has established the transition from vernacular to concert music. Kodaly's use of the cimbalom in *Hary Janos* is well known, though it is used there primarily to lend local colour. But anyone who thinks that its potential is limited to such specific coloristic effects would have profited from Sunday evening's concert at Riverside Studios.

To my untutored ear at least, Marta Fabian plays the cimbalom with phenomenal virtuosity, and it's clear why the Liszt Academy in Budapest re-established its cimbalom faculty specifically for her. By careful use of the pedals and variation of attack she imbues an apparently ungrateful instrument with a vast dynamic range and wealth of tonal inflection, as well as setting round the strings at top speed with every rhythm sharply articulated, every phrase intensely characterised. Hearing Miss Fabian one can appreciate how Stravinsky came to regard the instrument so highly—he used it in *Renard* and the instrumental version of *Ragtime* and would have persevered with it had he been able to find a supply of players.

With Miss Fabian at Riverside were the flautist Tihomir Elek, violinist Andras Ligeti, and soprano Ilona Tokody. The

combination of instruments and voice is well chosen: the flute blends well with the cimbalom, its blandness acquiring a refreshing edge while, under Miss Fabian's hands at least, the cimbalom can become a responsive accompanying instrument. Their programme was as much a conspectus of contemporary Hungarian composers as an introduction to the instrument; inspired by Miss Fabian it seems there has been a considerable revival of interest in using it.

If rather too much of the programme fell into a rather grey atonal idiom of short-breathed gestures and mosaic structures, there were some definite highlights. Istvan Lang's *Improvisation* for solo cimbalom offers every possible opportunity for display and variety of technique; while Miklos Kocsar's *Repliche* for flute and cimbalom was a frank display vehicle of quite artful dramatic pacing. Kocsar's song cycle on poems by Lajos Kassak was the most musically rewarding piece of the evening, brief, memorable settings of ever-changing colour and texture. Good things too in Gyorgy Kurtag's *8 Duo*, a set of epigrammatic pieces for violin and cimbalom, each intensively working a single seam of musical thought or texture, making its point and then ending.

Miss Fabian and her group are giving a lunch-time recital at the Bishopsgate Institute today. Her virtuosity is of an order that deserves to be heard.



The new music centre in Utrecht

Architecture

A concert hall with vision

by BRIAN TAYLOR

Built in four years at a cost of 35 million guilders (50 million for the entire affair), the new concert hall in Utrecht may be the last of its kind for some time given the current financial straits in which municipalities find themselves these days. Yet it signals a new generation of concert halls, after the inherent isolationism of the city of Aalto's Finlandia Hall in Helsinki, or worse London's National Theatre. Located at the tail end of a mammoth shopping centre which swallows up

unsuspecting visitors arriving at Utrecht's railway station, the Muziekcentrum happily achieves a much-needed transition to the scale of the old city, with its canals and narrow streets.

It ever there was a building that warranted comparison with paintings, it is certainly this recently inaugurated complex by architect Herman Hertzberger. The experience is like moving constantly from one Pieter de Hooch or Jan Steen painting of an interior to another, a never ending

sequence of images of doors and windows, framing people, activities and objects in everyday circumstances.

On the other hand, the atmosphere in the place is truly that of a Pieter Bruegel-kermesse—which is precisely what the architect was striving to achieve. The building is comfortable to be in, accessible from all sides and at different levels, making it a veritable prolongation of the streets in old downtown Utrecht.

An octagonal central hall, seating 1,500 persons and fully equipped for both symphonic and theatrical productions, forms the core of the complex. Surrounded by a kind of buffer zone of entrance foyers, cloakrooms and buffets, the concert hall as a whole is then enveloped by commercial shopping passages on two sides and opens on to a city plaza and a cultural centre on the remaining two sides. While the concert hall can be completely isolated physically and acoustically—but not visually—from the shops, restaurants and cultural facilities on its periphery, it can also be opened up to provide direct communication with the plaza, on occasion, for popular or civic functions.

As anyone who has been to Holland knows, the Dutch seem obsessed (because of their strongly ingrained Protestantism, perhaps) with keeping everything visible, with bringing light in everywhere. Looking at what's going on indoors or outdoors is a national pastime, Hertzberger's building, con-

ceived to aid and abet this, with the intention of abandoning the traditional notion of a "temple" for classical music, has doors and windows of all sizes and shapes, with transparent, translucent, or frosted glass, and mirrors throughout so that movement and light are ever present. So much so that one is startled to see passersby looking in while one washes one's hands or combs one's hair in the mirror of a cloakroom. Architecture for participation here approaches Peeping Tom-ism!

Yet this building, by one of Europe's most talented young architects, marks an important chapter in concert hall construction. Having single-handedly demonstrated a few years ago with his office complex for the Central Beheer insurance people that cement blocks could have a dignified external appearance, Hertzberger's modest audacity has now combined cement blocks and columns with capitals in the concert hall center. Astonishingly convincing as in the Alhambra or Mughal architecture in India, these forests of columns (with heads) give human scale, directionality, and humour as well as structural support to the whole. Rich in allusions, in discoveries, and even artifacts recovered from recently demolished buildings in Utrecht and incorporated into the new structure, the music center is one of the few buildings today which delivers monumentality and humaneness with a relative economy of means.

Covent Garden

Balanchine and Brahms

by CLEMENT CRISP

I can think of no better refuge from the cross-fire at the hustings than the Royal Opera House when *Liebeslieder* Walzer is on the programme. There is a felicity, truth, grace in Balanchine's response to Brahms' love-songs that speaks straight to the heart. The four couples who make up the cast are shown borne along on the waltz, dipping in and out of its rhythms or cutting across them; within a minute of curtain-rise the intoxication of the music's lift has caught the dancers, and thereafter delight reigns. What could be more apt, more ravishing, than Monica Mason and Lesley Collier lifted in the partners' arms at the words *O di! Frauen*—the gently amorous world of the music, the social nature of the waltz, made delectably clear. (It is worth noting that the choreographic images of the ballet's first half can be found, almost exactly, in 19th century illustrations which document the vast popularity of the waltz.)

And how glorious is Balanchine's way with this dance. By consummate artistry he maintains its pulse through all the varied patterns and permutations of the waltz. When a girl is held immobile in a momentary pose, the rhythm of the dance is still present, suspended in her body, caught in the equivalent of a *rubato* before the tempo of the movement reasserts itself. It is a feeling for such continuity of dynamics, riding across brief suspensions in the dances, that escape some members of the cast in the first section. Vergie Derman under-

stands it perfectly; we can sense the waltz's momentum as it pauses, then see its guiding pulse take her forward again in the *Neue Liebeslieder* section, where the style of dancing becomes academic rather than social, the cast a more at ease with the Balanchine manner. On Saturday night Lesley Collier and Julie Hosking were radiantly right in the duet in which the man's ardour seems the motive force behind the girl's dancing.

But *Liebeslieder* is a ball to experience, not to re-learn something about heart's mysteries, and music about the lasting joys of dance through which they are revealed. It is a great ballet.

About *Concerto* which preceded *Liebeslieder* on two showings thus far, I cord that, apart from Alfred Thorogood, classically ideal in the second movement on Thursday, interpretations have been optimistic rather than exact. As with *Elite Synchronisation*, which is now being over-played, respect for original style is fast evaporating.

A 'new' Old Vic

There is now a new Old Vic Company. The governors of the Old Vic have bestowed the title on the Prospect Theatre Company which has made the Old Vic its London home for the past 18 months. In future the Prospect name will disappear and the Old Vic will live again for the first time since 1962. Toby Robertson, director of the Old Vic Company, announced this yesterday when unveiling the plans for 1979-80. Until late July the theatre will be closed for structural improvements. Then productions of *Hamlet*, *Romeo and Juliet*, *The Government Inspector*, *What the Butler Saw*, a revival of a mid 18th century double bill *Garrick's Miss* in her teens (to celebrate the

bi-centenary of his death) and the comic opera *The Padlock*, and finally a new play by C. Jones. The 88 will be presented.

The regenerated theatre intends to present ballet as chamber opera as well as plays and among the actors booked for the forthcoming season are Peter O'Toole, Eileen Atkins, Derek Jacobi and Robb Edmondson. The financial problems of the Old Vic Company have been eased through generous sponsorship by the National Westminster Bank, Television, the Imperial Group and the Financial Times. The Arts Council has raised its support to £400,000, which will towards the heavy touring policy to be followed by the Old Vic.



Shirley Bassey

Trevor Humphries

Albert Hall

Shirley Bassey

by ANTONY THORNCROFT

It was brave of Shirley Bassey to take the stage at the Albert Hall on Sunday night immediately after the finals of the Chef and Brewer pub entertainer of the year competition. For there has always been something of the public bar singer about Miss Bassey—the strident voice silencing the beery element; the larger than life Saturday night dress and accessories manifesting alcoholic euphoria; the self-mockery in her performance suggesting that really she is dying to slip out of the sequins and relax with a large gin and tonic. This mixture of show biz glamour with earthy reality is the secret of her success.

She hardly sings—she hijacks songs, mangling the lyrics with an over emphasis here, a sigh

there. The voice powers over, under and all around the note like a shell from a howitzer. It is pure artifice, if such a thing is possible, but as she "popped her cork" in *Big Spender* and turned George Harrison's gentle *Something* into a public statement, her outrageousness and rapport with the audience lifted her beyond criticism. There is nothing suggestive in the way she pouts her body; it is a national institution quite removed from reality but absolutely perfect for bleak times. She began with Roman Candles brightening the stage and ended with an ovation. The whole act was as predictable as the April rain outside but neither artist nor audience seemed to be in any doubt as to the success and satisfaction of the performance.

The competition in the first half was equally predictable. It ran with remarkable efficiency, 13 acts doing their turns in little more than an hour, but although they were all of a standard the standard was hardly outstanding. Not surprisingly comedy duos came first and second with the Jay Jays clear winners. They were, of course, impressionists, and coarse impressionists at that, but David Attenborough and David Bellamy and good spoofs of cricket and the Grand National lifted them above the crowd.

For the rest the lack of originality was disappointing. There were two stabs at Chateau de Choo Choo à la Manhattan Transfer and the rock band, the reggae band and the country band all let themselves down by producing tired and familiar material. It was the kind of entertainment you meet so often in pubs these days, safe and sound but hardly outstanding enough to stop the more serious task of drinking up the publican's profits. But at least no one left their heart in San Francisco.

Elizabeth Hall

Schütz and Ives

Saturday evening's intelligently planned concert by the Taverner Choir conducted by Andrew Parrott consisted of two substantial, rarely performed works—wholly different yet both impressively brought off. Schütz's *Resurrection Story* has always lacked the popularity of his *Christmas Story*. Published in 1623, it is a reworking of an original treatment by Antonius Scandellus, Schütz's predecessor as director of the Dresden Chapel Royal; essentially a spare, lightly accompanied narrative for the Evangelist that dissolves into two-part polyphony for the characters of Christ and Mary Magdalene, quickens to a dramatic scene to relate the meeting at Emmaus, and reserves the full chorus for the opening and closing sections and the climactic meeting of the Eleven at Jerusalem. The Taverner Choir's version preferred two tenors (Rogers Covey-Crump and Alastair Thompson) to counter-tenor and tenor for the part of Christ and confined the accompaniment to harpsichord, organ, dulciana and violone, though Schütz also offers the alternatives of a lute consort of viols, lute and bandora.

The result was a sharply etched, frequently affecting reading. Nigel Rogers's Evangelist was inevitably the focus, closely attentive to the nuances of the German text, pointing up the programmatic effects which Schütz incorporated into the recitative, only occasionally ingering over the brink into inappropriate theatricality. Alastair Thompson was perhaps the pick of the other soloists, though to single out anyone from what

was a tightly welded corporate effort is scarcely justice.

Where Schütz provides an austere, hieratic celebration, Charles Ives's cantata *The Celestial Country* gets by on sheer exuberance. The Taverner Choir gave the first British performance of it about a year ago; written in 1902 it is rather too obviously a product of Ives the church organist, keen to provide something singable for his choir and to display the competence of his choral writing. The quirky instrumentation—for organ, string quartet and optional trumpet, euphonium and timpani—and the tiny interludes between the movements—progressions of dissonantly unrelated chords that serve to cleanse the harmonic palette between one richly romantic item and the next—betray the later, uncompromisingly experimental composer.

The choral writing itself is well suited to the rather cloying sentiments of Henry Alford's poem: frankly 19th-century, it would hardly be out of place in a work by Stanford or Parry. The solo arias too would have fitted handily into a Victorian drawing room. The central movement, for the string quartet alone, is more individual, the same curious distillation of Brahms and Dvorak that sustains Ives's Symphony No. 1. The cantata seems more likely to remain a novelty rather than a frequently performed part of the Ives canon, though projected as vividly as the Taverner Choir and the Amphion Quartet managed, it might commend itself to a choral society on the lookout for a rarity that is also fun to sing.

ANDREW CLEMENTS

Elizabeth Hall

John Browning

John Browning is a member of the generation of American pianists that first appeared in the 1950s. They were mainly Juilliard and Curtis Institute products, trained by European émigrés in Browning's case, the legendary Rosina Libovine—and influenced in their conception of piano sonority and rhetoric by Vladimir Horowitz. It's a pianistic generation that has not matured well; few of its members have fulfilled their initial promise. But Browning, at his QEH recital on Sunday afternoon, demonstrated that he was an exception to this tendency.

Rather than a touring virtuoso's grab bag, he offered a long and demanding recital devoted to two composers, Debussy and Chopin. In Debussy's two sets of *Images*, Browning presented a range of soft articulations rarely derived from the QEH Steinway. He was not afraid to use the sustaining pedal to blend widely spaced chords or blur congruent harmonies into one colour-wash of sound. However, the two slow movements in each set of *Images*, *Homage à Rameau* and *Et la lune descend*, were clearly voiced but not really settled; the pianist grabbed at the virtuosic elements in the music and restlessly pointed them to the detriment of the overall shape of each piece. Where a more conventionally virtuosic response was required,

as in the short rondo *Masques* or the last movement of the three *Estampes*, Browning delivered the goods.

The restlessness of his response to Debussy was less apt in the four Chopin pieces played after the intermission. Browning made something driving and obsessive rather than grand out of the many repetitions in the *F* sharp minor *Polonaise* Op. 44. One felt that he was playing the work from bar to bar as a series of (admittedly formidable) pianistic hurdles rather than musical phrases. Things settled down and became slightly more expansive during the *Barcarolle* and the first *Scherzo*, but the overall impression of Browning's interpretation of Chopin was one of detailed fussiness.

At his finest—as in much of the Debussy—Browning offers an elegant structuralism in the manner of Bartók's criticism. The many possibilities of the text are equally respected and surface of the whole is cleverly read. There's an element of literalism in that we're never persuaded that we are listening to anything other than a piano, but on the other hand there are no technical "tricks" or faking. The Chopin works unfortunately highlighted those aspects of nervous constriction that accompany Browning's thoroughness and detail. But his recital was never less than the work of a serious artist.

RICHARD JOSEPH

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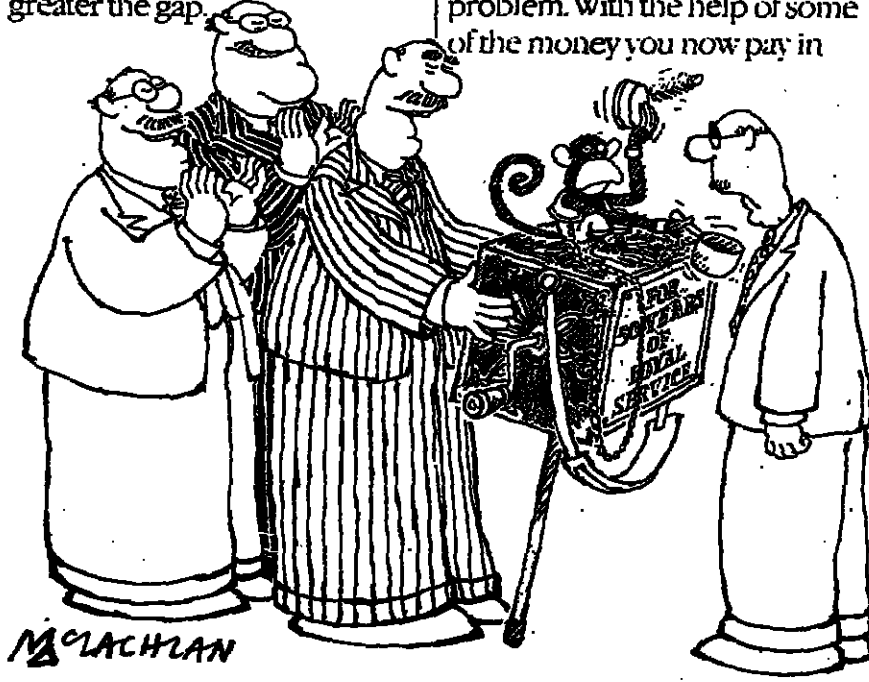
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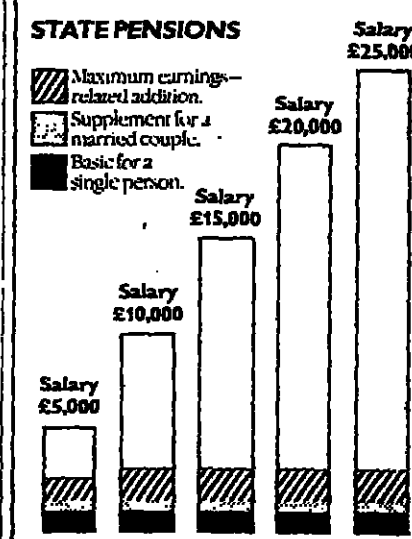
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Tuesday April 24 1979

Turning point for Rhodesia

THE RHODESIAN election, in which counting is now under way, raises many more questions than it answers. But the most important question is this: can the British and American Governments, which have been trying to bring about a negotiated settlement of the Rhodesia problem, simply disregard the election as an event without significance? On balance, and notwithstanding the many uncertainties about the meaning of the poll, it seems clear that they cannot and should not.

The critical factor lending significance to the poll is the turnout, which is officially put at nearly 64 per cent of the eligible population. We cannot know for sure that this is a true figure: the Rhodesian Government has an obvious interest in as high a turnout as possible, since every additional vote cast lends additional credibility to the election process, and while turnout figures in some regions of more than 100 per cent may quite plausibly be attributable, at least in part, to errors in estimating the total size of the electorate, they are also susceptible of less charitable explanations.

Evidence

Yet even if there has been some padding of the figures, it is clear that a large proportion of the electorate did go to the polls. The true figure may be less than 64 per cent, but it is difficult to suppose that the Rhodesian authorities have engaged in ballot rigging on a massive scale. A single plausible leak of widespread fraud by the Salisbury authorities would discredit the election even more thoroughly than a 30 per cent turnout.

A high turnout—and in the circumstances of Rhodesia, today even 50 per cent would have been a very respectable figure—does not, of course, prove that the election has been free and fair by the standards of a European democracy. There has been intimidation by the guerrillas of Mr. Joshua Nkomo and Mr. Robert Mugabe, by the private armies of Bishop Abel Muzorewa and the Rev. Ndembari Sithole, by the government security forces and by the white civilian population. Where the guerrillas have been particularly strong, as in parts of Mr. Nkomo's native Matabeleland, their intimidation has been the more effective and the voting figure has been correspondingly lower; in other areas, the converse has been true. But it is striking that even in Matabeleland South the official turnout was 30 per cent. If the true voting turnout is not wholly out of line with the official figures, it could mean that the pressure exerted on the electorate by the sponsors of

the election was on balance more effective than the counter-intimidation of the guerrilla forces. It could also mean that the conflicting pressures tended to cancel each other out. But at the very least there is strong prima facie case for accepting that, given an uncomfortable and possibly a dangerous choice, a majority of the voters decided to express their views through the ballot box.

Assumptions

This does not of course mean that 64 per cent of the electorate has expressed a vote of confidence in Mr. Ian Smith, in the constitution (which ostensibly guarantees white privileges for a long period of time), or in the mixed black-white government which is expected to emerge when the counting is over. On the contrary, it is quite possible that a significant proportion of those voting have only an imperfect grasp of the details.

More simply, the choice facing the electorate has been that between some form of progress, however unsatisfactory, towards a democratically-elected black-majority government, and the guerrilla war conducted by Mr. Nkomo and Mr. Mugabe. It would require heroic assumptions about the true turnout figure to deduce that the Rhodesian population has voted in favour of a guerrilla war, which in turn is liable to turn into a civil war. The difficulty of the dilemma facing the British and American governments should not be underestimated. They have tried to bring about a negotiated settlement, but in the closeness of their liaison with the Front-line states surrounding Rhodesia, they have seemed biased in favour of the guerrilla movements. In the United Nations, the third world is undoubtedly biased against the internal settlement. The implication of the election, that a majority of Rhodesians are in favour of the internal settlement, is highly embarrassing to all those who have backed the demands of the guerrillas.

Inevitable

It would be easy for the UK and the U.S. to disregard the election outcome, in the cynical belief that a civil war in Rhodesia is all but inevitable, and that nothing is to be gained by showing interest in the possible viability of the internal settlement. Easy, but unsatisfactory: Britain is legally responsible for Rhodesia, and it should send an all-party delegation to Salisbury to make a fresh examination of the possibility of using the election as a starting-point for a new attempt at a negotiated settlement.

The Bundesbank is worried

THE CURRENT state of the argument about the benefits and dangers of the Eurocurrency market can be summarised as follows: everybody agrees that the market should be supervised to achieve acceptable banking prudence. Nobody yet agrees that it should somehow be controlled for the macro-economic good of the countries whose currencies are deployed in it.

The newest critique of the impact of the growth of the Eurocurrency markets, that of the West German Bundesbank, does nothing to change this state of play, nor does it take the macro-economic argument very much further. It says that the market "can" undermine monetary control and "can" lead to a substantial increase in currency speculation, but without justifying these assertions.

"Over-recycling"

The Bundesbank introduces the concept of "over-recycling." The claim here is that the euromarkets initially did the right thing in leading oil surpluses to countries faced with sudden deficit in the wake of the oil price explosion, but then overdid it. They "noiselessly and unconsciously" provided funds and thus allowed such countries to persist with deficits longer than was necessary or good for them.

This claim prompts at least two questions: first, how long should such financing persist in a world of slow growth and rising unemployment and of great disparities in the wealth of nations? Second, supposing by some magic the international market for capital had been prevented from emerging, would not these deficits have been financed by domestic banking systems? Banks would somehow have bought surplus funds and new loan demand together.

Sound practice

It is easier to believe that the cut-off point for international bank lending to deficit countries should have been dictated by considerations of sound banking practice. So when the Bundes-

bank says that there is an "urgent need" to improve the system of banking supervision so that it will show up an excessively risky loan portfolio or an inordinate tendency to fund long loans with short-term interbank money, it will meet with a much broader level of agreement from other central banks.

There may be problems with the regulatory authorities of small and ambitious banking centres in persuading them to run tighter regulatory ships. But fortunately the trend in international bank supervision is towards regulation via the parent bank rather than via banking centres. Since 1974 the major central banks have been leaders of last resort not only to national banks but also to their overseas subsidiaries and branches.

It is therefore natural that a move is underway towards internationally consolidated accounts—which the Bundesbank advocates—or at least towards an overview for central banks sufficient to give them an idea of the extent of their commitments.

The Bank of England, in its informal way, can persuade British banks to provide it with the necessary ratios. Indeed, it seems curious to the London banker that the German authorities have had such problems finding out about the activities of German banks operating in Luxembourg.

More tolerable But the Bundesbank goes beyond demands for greater transparency in the Euro-currency market and says that the markets would be more tolerable for domestic monetary policies if general "guidelines" could be established. The Bundesbank is not specific here, but this looks suspiciously like a suggestion that problems arising out of the different monetary and regulatory policies of different countries can be cleverly removed by a uniform approach to the capital markets that link them.



THE public view of the two main political parties' industrial policies over the past decade has usually been dominated by the ideological attitudes of the Left wing of the Labour Party and the Right wing of the Conservatives. Thus the main public debate has concentrated on Labour wanting to extend State control, and maybe trade union influence, into the major decision-making areas of the private sector, and on the Conservatives wanting to leave everything to market forces with as little detailed State intervention as possible.

Ideological ambitions

In practice, neither extreme view has survived for long in Government. The Conservatives had to engage in considerable State intervention in industry during their 1970-74 period of office for economic reasons, while the Parliamentary restrictions on Labour since then have prevented both the National Enterprise Board and planning agreements being turned into the weapons of Socialist intervention that the Left-wing of the Party had hoped for.

Recently both main parties have been showing signs of wanting to return to their more ideological ambitions. But Labour's manifesto has been curbed by the Prime Minister's wish to avoid most contentious issues, while the Conservatives show some of the pragmatism of a party which believes it is on the threshold of taking responsibility for dealing with the country's economic and industrial troubles.

The two main parties' manifestos, while being far from explicit, indicate therefore that neither is likely to rush headlong into major changes. But this does not hide the fact that there is a basic clash of attitudes over the role of the State in industry and over whether the economic or Government intervention are more likely to steer Britain through industrial change.

The Labour Party wants to increase the involvement of Government Departments and State agencies in the affairs of individual companies, both for long-term ideological reasons and because it does not believe that market forces and the private sector can cope adequately with the modernisation of industry and the allied problems of employment.

The Conservative Party's primary aim is to cut public spending in industry, both for its own sake and in order to help finance the tax cuts that its leaders hope will create a new entrepreneurial environment. Linked with this, many of its leaders ideally would like to see a general disengagement of Whitehall from industrial

affairs. But the Conservatives have been restrained by many senior industrialists who have urged that whichever party wins the election, there should be a minimum of rapid change in broad industrial policy.

The Conservatives also know that it would require some time for their hoped-for economic revival to take effect in industry. In addition, on entering office, a Conservative Secretary for Industry would face early decisions about tough problems in industries like steel and shipbuilding and in some individual companies—Dunlop, for example, has a £23m State aid claim outstanding in Whitehall.

But while a Conservative Government would therefore not rush into dismantling either the National Enterprise Board or various State industrial aid schemes, it might try quite rapidly to improve its good intentions by preparing to sell some State holdings back to the private sector and by curbing expenditure involved in the NEB's merchant banking role.

Because all these policies are not clear-cut, it is difficult at this stage to be sure how much legislation would be prepared quickly. A Conservative Government would certainly need to alter the NEB's guidelines and reduce its financial targets in order to do even some limited trimming of its activities. This would have to be approved by Parliament but might not involve a full Bill.

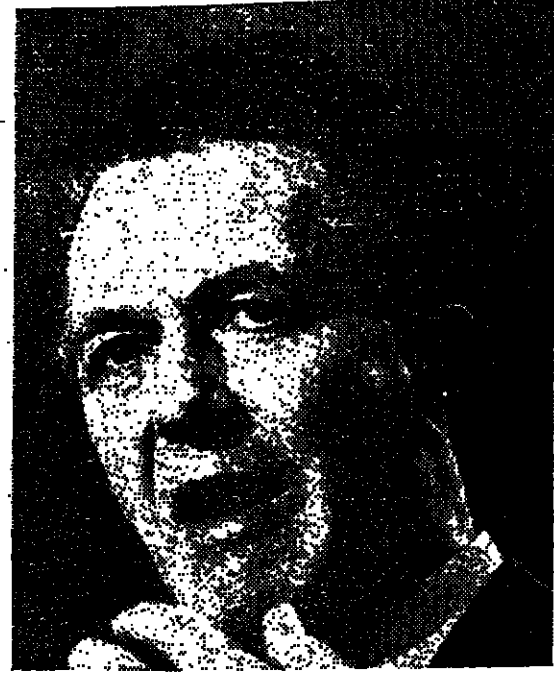
Depending on the size of its majority in the Commons, a Labour Government might start to prepare a new Industry Bill aimed at giving statutory support for planning agreements. It might also include the creation of Development Agencies in the northern and north-west regions to match those in Scotland and Wales—an idea inserted in the Labour manifesto by the Prime Minister himself. But pledges in the manifesto to "expand the work and finance of the NEB" do not, apparently, have any immediate implications, even though Labour's Left-wing would like to see a £1bn-a-year budget. There might, however, be some changes in the organisation of regional aid because of concern that too much of the country (60 per cent in area and 40 per cent of the working population) is at present designated as some sort of special assistance area.

Labour has also said it would increase intervention through the activities of the Price Commission and it has also not given up its interest in statutory enforcement of industrial democracy.

But while issues like the Price Commission's powers and the influence that trade union members might exercise over company affairs through industrial democracy can pose immediate problems for industrialists, it is the future of the NEB that has in the past often been seen as the virility symbol of the Conservative Party's policy. Sir Keith Joseph, the Party's industrial spokesman, often tries to counter this by stressing that the issue of

Industrial programmes: more bark than bite

By JOHN ELLIOTT, Industrial Editor



Mr. Eric Varley (left): planning disagreements; Sir Keith Joseph: tempered position

the NEB is infinitesimally small compared with the broad sweep of industrial policy. But because of the rage that Mr. Anthony Wedgwood Benn inspired when, as Secretary for Industry, he created the NEB, there are still many Conservative activists who believe it should be abolished overnight.

Sir Keith, however, has moved away from this position and there is now general acceptance, as the Conservative manifesto says, that the NEB's powers should be restricted "solely to the administration of the Government's temporary shareholdings, to be sold off as circumstances permit." This is a conveniently vague form of words, because "temporary shareholdings" can mean anything from lame ducks like BL or Alfred Herbert to any other company that will at some time be sold by NEB. All that the manifesto says categorically, therefore, is that companies will sometimes be sold off.

Lame duck companies

The NEB is now just over three years old. It has investments in 55 companies with a total turnover last year of more than £4bn., and employees numbering about 250,000. Borrowing powers which can now rise to a total of £45bn. a £250m annual budget. Its affairs are dominated by BL and Rolls-Royce Ltd. and by other lame-duck companies it inherited when it was set up. They include Ferranti, whose fortunes have improved, and Alfred Herbert, which is still making serious losses.

From the Conservatives' point of view, the NEB's activities probably divide up into three groups. First, there are the "lame ducks" which still need the NEB's hospitalisation services and which would be kept in the NEB subject to close scrutiny of the worst loss-makers.

Then there are new high-technology companies like INMOS, which is to make micro chips, and others in allied fields grouped around NEXOS and INSAAC, which are to export office machinery and computer software. These are not mentioned in the manifesto but Conservative leaders are thinking of inviting the private sector to take stakes in them on the same principle as the existing arrangement at BP, which is 51.49 per cent owned by the Government and the private sector.

Such a solution would save the Conservatives from the embarrassment of having to decide whether to try to sell or to close down these businesses, which as yet have no track record but which are involved in important areas of technology. Originally, the Conservatives thought of inviting the private sector to take stakes in the NEB itself, or at least in a hived-off organisation which would have excluded BL and the worst lame ducks and which might have been called NEB 1980 Ltd. But financial experts advised that such an offer for sale would not attract investors so the idea has been abandoned, at least for the time being.

The third area of the NEB is less clear-cut and includes companies that Conservatives like Sir Keith want to see sold off in part or completely as quickly as is commercially sensible, although in some cases the companies themselves might argue that they want to stay in the NEB. They include the NEB's stake in ICL as well as in Ferranti, Fairair, and a host of smaller companies.

How well a Conservative Government managed to get on with Sir Leslie and his Board members and staff would depend on how aggressively it insisted that these holdings were sold off and that there could be no more entrepreneurial purchases. Since almost all the changes at the NEB would take some time to carry out, they would not yield rapid cuts in public expenditure. A Conservative Government would, however,

consider raising funds quickly by reducing, or selling off completely, the Government's 51 per cent stake in BP, and by offering shares in British Airways and the National Freight Corporation to the private sector, as well as offering the aircraft and ship building industries back to their original owners.

The issue of public expenditure apart, its aim in the nationalised industries would be to increase competition, and unspecified changes would be considered for British Gas and the British National Oil Corporation. The Post Office would also probably be split in two and proposals are being considered to break its telecommunications monopoly by allowing private manufacturers to connect their products to the telephone system along the lines of U.S. practice.

But while such changes in ownership would be vitally important, perhaps most fascinating of all would be how the Department of Industry would be allowed to operate by a Conservative Secretary for Industry (who quite a few Conservatives believe could well be Sir Keith himself).

Since the Tories were last in power five years ago, this Department has established its own identity and its own mode of operating. It has used the Conservatives' Industry Act of 1972 to build up industrial aid totalling £3bn so far and its civil servants, from the middle ranks upwards, spend most of their time in a dialogue with individual companies.

Sir Keith disapproves of such activities. He does not believe that civil servants are qualified to help run industry because they do not have an entrepreneur's responsibility and involvement in the consequences of their own decisions—and in any case he believes that centralised decision-

making is wrong. He also disapproves of industrial aid, especially when it is applied selectively by civil servants.

Not all Conservative leaders approach this issue with Sir Keith's zeal, however, and, in line with the manifesto, he is now tempering his position. Existing aid schemes would be maintained and it is even possible that more would be introduced, providing they could be shown to provide value for money. "We shall ensure that selective assistance to industry is not wasted," says the manifesto. As a result the 15 or so individual industry schemes, with up to £400m of aid, are likely to run their course, and the Industry Department's plans for new ones covering optics, electronics, energy conservation and fishing will at least be looked at. A more embarrassing problem for an incoming Conservative Government would be to decide what to do about Industry Department plans to double its Selective Investment Scheme from £150m to £300m in order to encourage foreign investment into the UK and to persuade British companies to accelerate and enlarge their own investment projects. The current scheme runs out in June and at least a temporary extension may be necessary.

One of the ways that Industry Department civil servants keep in touch with companies is through "planning discussions," which are a muted informal version of planning agreements and in fact amount to an extension of normal Whitehall-industry contacts. They are now taking place with more than 100 companies and Mr. Eric Varley (who is widely expected to be posted elsewhere should Labour win the election) would like them to be turned into formal planning agreements for the country's top 100 companies. Such an idea has led to battles with the CBI, which opposes both planning agreements and the more low-key planning targets set by the Government's industrial strategy sector working parties. The central planning overcomes of these 40 working parties means that a Conservative Government will examine each one to see whether it should continue in business.

But a Labour Government, having failed to coax industry into voluntary planning agreements in the past five years, is now pledged in its manifesto to try to enforce them by law. Although it is not spelt out, this might be done by laying a statutory duty on large companies to consult both the Government and representatives of trade unions about their plans. Industrial aid might be withheld and other Government sanctions might be imposed, or unwelcome companies.

But such a notion would lead to fresh conflict in industry and could upset the voluntary nature of Labour's low-key industrial strategy exercise. Like Sir Keith's more idealistic dreams, it might fall foul of economic and political reality

MEN AND MATTERS

On course for a sea-change

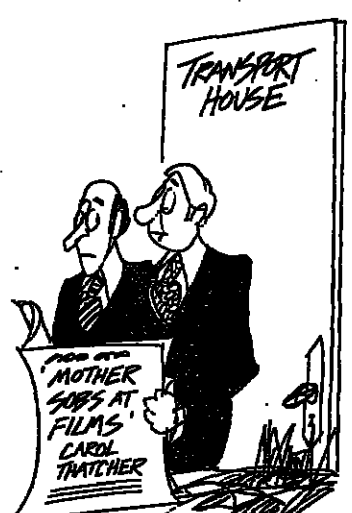
For once the British have been transatlantic academics at the game of carrying out new areas of study. Professor Donald Watt of the London School of Economics tells me he has looked where no-one, it seems, thought to look before—out to sea, or more precisely into the filing cabinets of those concerned with "ocean management." If you imagined the oceans could manage all right by themselves, then Professor Watt's M.Sc. course in Sea-Use may be just what you need.

Watt is convinced that the subject will, in the next decade, become of prime importance. "Some 80 or more countries have already extended, or are in the process of extending, their national jurisdictions up to 200 miles from their coasts," he explains. "Very little thought has been directed as yet to how these enormous areas are to be administered."

Watt has cannily sent a brochure on the course to delegates at the current UN Law of the Sea Conference in Geneva.

The proposed course is directed towards civil servants, particularly from developing countries, and is intended to help them foresee and resolve conflicts such as between fishermen, offshore energy, and environmental interests—the kind of problem that arises over and over again.

One difficulty in doing something new in the academic field is that no-one is ready to come up with cash: "We have a ream of letters from UN organisations saying 'jolly good chaps'—but none of them has a cheque attached to the bottom," says Watt. They are just as compartmentalised as the governments they are trying to organise.



"She ought to see Jim when he looks at the opinion polls"

This means that the course, for a maximum of 20 students, will cost each of them an "economic" fee of £2,500. Watt is sure that no-one else in the world is providing the same kind of course, though he admits he did not actually think of it first: "It occurred to a colleague of mine in Canada about four years ago. But this is one of the moments of financial crisis in Canadian universities—the project ran out of funds."

Peace partners

Israeli and Egyptian diplomats in London continue to play mutually hard to get. Samih Anwar, the Egyptian envoy, did however meet leading British Jews yesterday—among them Harold Lever and "Manny" Shinwell—for lunch. Anwar let it be known across

Studying Selmes

Memories were jogged last week by my mention of Kina, the award-winning company which has been the subject of an investigation under section 165 (b) of the Companies Act since the start of 1976. That is a long time, but I should not like to suggest that the Department of Trade has set a record for protraction with Kina.

After all, we must remember Dowgate and General Investments. On May 2, the Dowgate inspectors (still hale and hearty when last observed) will be celebrating the fourth anniversary of their inquiries. More elderly members of the City—not to mention quite a few shareholders—will recall that the company was the investment vehicle of that debonair young financier Christopher Selmes.

Also sharing the record with Dowgate is its subsidiary, CST Investments, which was owned by Selmes. Incidentally, he is some way from the inspectors, being resident in New York nowadays.

Running Dowgate, a close second is Bryanston Finance: its inspectors break the four-year

barrier on May 12. Coming up behind them are half-a-dozen other companies, into whom investigations began during the autumn of 1975. Most were victims of those depressing days when the air escaped from the secondary banking soufflé.

The Department of Trade tells me: "We ask our inspectors to complete their work as quickly as possible. But we do not wish to tie them down to any time-scale." That is fairly plain.

The right motto

The three coaches hired to transport Mrs. Thatcher and her retinue around the country are painted in a sensible two-tone grey. But it is hard to believe that the motto on each vehicle—"Industria nui impossibile"—is also accidental.

"It's on all our coaches," said a man in the coach company's head office in Leeds. "It means 'no work is impossible,' he added helpfully.

Stage-struck It is hard to resist the temptation of pointing out the curiously appropriate National Theatre productions disrupted by the disputes involving the union NATTKE.

The first dispute, in February, centred on the staff's refusal to shift scenery for "A Fair Quarell"... During the current five-week-old unofficial strike by the same group, the NT has been obliged to stage Galsworthy's "Strife" without props in addition to cancelling productions of "The Double Dealer" and "Betrayal". Now, I learn, the theatre has postponed the opening of a new Simon Gray play, entitled "Close of Play."

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Observer

Rugby Portland profits 5% better at £14.5m

ON TURNOVER 12.25 per cent higher at £98.6m pre-tax profit of Rugby Portland Cement Company for 1978 improved 5 per cent from £13.82m to £14.51m. At halfway the profit rise was from £5.86m to £6.28m.

Yearly earnings are shown to have risen from an adjusted 8.2p to 8.4p per 25p share and the dividend total is effectively lifted from 3.507p to 3.958p with a final payment of 2.093p net.

Lord Boyd-Carpenter, chairman, reports that once again the company has done well considering the new level of demand in the building industry. It has proceeded with major investments at its Rochester and Southam works, where considerable progress has been made despite disruptions due to poor weather.

In Australia the market was particularly dull during the second half but there are now signs of a recovery developing in some sectors.

The company owns 85 per cent

	1978	1977
Turnover	98,600	87,837
UK	78,038	67,002
Overseas	20,562	20,835
Trading profit	13,916	12,332
UK	10,448	8,264
Overseas	3,467	4,068
Interest and inv. inc.	1,741	2,784
Interest	1,150	1,734
Profit before tax	14,507	13,822
UK tax	4,533	3,990
Overseas tax	1,705	1,833
Profit after tax	8,268	7,999
Minority profits	360	338
Attributable	7,908	7,661

of Cockburn Cement which operates just outside Perth.

The erection of a new lime plant to enable Cockburn to implement its 15 year agreement with Alcoa of Australia is on schedule and when commissioned in June will make Cockburn the largest cement and lime works in Australia.

The company's partnership with Societe des Ciments Francaise, a French cement manufacturer, in the ownership of Compagnie Financiere pour la Recherche et le Developpement

(C.F.R.D.) has been reinforced by the addition, as a shareholder and a full co-operator, of the Italian cement company, Unice.

Each company now holds one-third of the shares in C.F.R.D. which is registered in Luxembourg. The objectives of this co-operation are to further investment and consultancy work overseas.

The Rom River Company (Rugby's 100 per cent subsidiary) has also been affected by the low level of activity in the building industry. However it is expanding abroad by taking 30 per cent of the capital of Kuwait Steel Reinforcement, a company formed in March, and agreeing to provide the management for this company.

It is intended to introduce an Employee Shareholding Scheme which will take advantage of the taxation concessions introduced by the Finance Act 1978.

See Lex

HIGHLIGHTS

Lex looks at the sudden reversal for the unit trust industry where investors withdrew more than they invested during March. BL has produced its annual report which sheds light on its financing requirements for the next year or two. Rugby Portland Cement has increased its market share but profits are marginally disappointing after a fall overseas. Lex also considers the tussle between certain institutional investors and Canadian group Olympia and York where there are several loose ends in the English Property takeover situation following the defeat of two resolutions yesterday. Elsewhere Provident Financial's figures do not look particularly impressive with just a 12 per cent increase in profits. Camrex profits have collapsed and it looks as if it was lucky not to slide into the red, but the shares held fairly steady yesterday with a 2p fall at 50p.

Office & Electronic rises to £2.27m

TAXABLE PROFITS of Office and Electronic Machines rose from £1.93m to £2.27m in 1978, on turnover up from £17.6m to £20.75m.

At halfway the surplus increased from £906,789 to £1m, and the directors expected a similar improvement in the full-year results.

After tax for the year of £1.2m (£1m), earnings per 25p share are shown higher at 17.52p, against 15.2p. The net final dividend is lifted from 2.5p to 3.19p, making 4.59p (4.1208p).

Profit and turnover growth at Office and Electronic Machines fell short of company forecasts, with the second half profit increase slipping to 13.4 per cent from 24.1 per cent in the first six months and sales growth down to 12.8 per cent from 23.6 per cent.

The sluggish performance of the rate of sales in the last six months of 1978 and by early March productivity had returned to more normal levels.

Earnings per 20p share are given at 8.42p (12.87p) and the net final dividend is 0.976p, making a total 1.936p (2.20p for 15 month period—equal to 1.760p per annum).

	12 mths. 1978	15 mths. 1977-78
Turnover	18,032,080	19,748,369
Trading profit	1,431,119	1,578,305
Depreciation	21,885	28,119
Interest	517,483	443,825
Profit before tax	891,751	976,360
Tax	10,494	130,700
Profit after tax	881,257	845,660
Dividend	145,200	165,000

JOHN BRIGHT
The formal document concerning the large offer for John Bright Group—already announced—has been issued.

Largely beneficially owns 3,561,720 shares (36.43 per cent) having recently acquired 1,209,220 shares at 35p, the offer price.

RACAL/ADWEST
Racal has increased its stake in Adwest to 10.17 per cent.

Racal first announced a 5.4 per cent stake in Adwest in August, 1977, and has gradually increased it since.

Advance for Wade Potteries

WITH external sales showing an advance from £4.15m to £4.74m, Wade Potteries pushed pre-tax profits ahead from £360,162 to £529,585 in the six months to January 31, 1979.

First half stated earnings increased from 2.283p to 3.489p per 10p share and the net interim dividend is effectively lifted from 0.441p to 0.49244p. Last year's adjusted total was 1.121p.

Tax absorbed £153,414 (£128,830). Dividends cost £50,333 (£45,075), and £308,660 (£185,207) was retained.

comment
First half results at ceramic producer, Wade Potteries are well up to market expectations though unexciting. The group has obviously benefited, strongly from increased demand, its continuing heavy capital expenditure programme and the return to a five day week last year. Half time profits are 47 per cent higher whilst sales have jumped 14 per cent, indicating a marked improvement in margins by about 2.5 points.

The second half is expected to yield a satisfactory increase but heavier cost increases are also anticipated largely as a result of expansion plans and the negotiations for annual wages for the pottery industry. At 62p yesterday, its shares are selling on a prospective dividend yield of about 3 per cent and a historic p/c ratio of 8.9.

Corinthian up to £0.57m: mixed start to 1979

DESPITE A slip in second half taxable profits from £354,075 to £340,674, Corinthian Holdings ended 1978 higher at £567,674 compared with £504,075 previously. Turnover rose from £4.45m to £6.17m.

The directors say this year started somewhat slowly for the textile division, owing to national industrial unrest and bad weather; however, the banking and financial services subsidiaries are continuing to improve.

As the major part of group profits are usually earned in the second half, it is too early to give an indication of the outcome for 1979.

The Board is continuing to examine various investment proposals which could broaden the company's base.

After tax for the year of £23,983 (£96,027), earnings per 10p share are shown to have risen from 6.5p to 8.2p. The net total dividend is stepped up from 0.7p to 1.05p, with a 0.7p final.

Attributable profit came through at £451,189 compared with £359,948 after an extraordinary debit of £47,468 (£506,452 credit) and minorities.

Pre-tax profit was struck after overheads and interest of £74,775 (£81,362), and provision releases £49,555 (£145,452).

comment
Corinthian Holdings might reasonably claim that it has swept away the last cobwebs of

	Current payment	Date of payment	Corresponding div. year	Total last year
Amalgamated Metal ...	10.9	June 7	10.31	16.4
Bamfords ...	0.98	June 15	0.44	1.94
Camrex ...	2.38	June 15	2.33	4.02
Common Bros. ...	4	—	—	—
Corinthian Hldgs. ...	0.7	July 3	0.5	1.05
London United ...	2.22	—	2.02	3.29
Long and Hanby ...	2.51	June 18	2.1	5.31
Lowland Drapery ...	9.13	May 11	0.11*	0.4*
MDW ...	2.66	July 2	2.62	3.6
Moran Tea ...	20.1	—	1.8	3.01
MY Dart ...	5	July 3	5	2.21*
Office and Electronic ...	1	June 26	2.8	4.6
Reverex ...	3.19	July 5	2.37	3.44
Rugby Portland ...	2.27	June 30	2.27*	3.51*
W. A. Tyznack ...	2.09	July 2	—	3.96
Utd. Friendly Ins. ...	0.5	May 31	0.36	1.42
Wade Potteries ...	3.64	May 31	3.38	5.39
Wood and Sons ...	0.69	May 18	0.44*	1.12*
	1.01	—	0.33	1.68

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issues. † On capital increased by rights and/or acquisition issues. ‡ Adjusted. § For 15 months.

the secondary banking crisis. Profits last year grew by 44 per cent, cash stands at around £1.3m, the loan book climbed 61 per cent with a spurt in the level of advances in the last quarter and the shares, down 1p yesterday of 4p to net asset backing. But of 8p to net asset backing. But a glance at the divisional breakdown emphasises Corinthian's reliance on textiles where the contribution last year was stagnant. The search for acquisitions may culminate

shortly in a significant addition to the banking and financial services division but Corinthian has apparently suffered considerable difficulties in striking the right deal at the right price. The shares may struggle to break through to new ground until the textile imbalance is corrected. A full taxed p/c of 10.1 coupled with a yield of 4.1 per cent discount the elimination of contingent liabilities during 1978 and the award of a generally clean bill of health.

Common Bros. to pay 84% more

FOR the eight months to April 26, 1979, Common Brothers reported a trading loss of £177,000, compared with a £23,000 profit previously. But after a surplus on sale of assets and investments this time, there was a profit of £223,000 against £775,000.

The surplus on sale of other assets and investments totalled £70,000. Last time there was a £135m surplus on sales of ships.

The net interim dividend is doubled to 4p, and the directors intend to increase total payments for the year by 84 per cent to 12p (6.5232p). The company is subject to a bid from British and Commonwealth Shipping, which the directors have rejected.

The pre-tax profit from sale of certain interests since June 30, 1978, amounts to £2.17m. Of this, £570,000 has been included in the interim figures.

The purchasers of M.V. Caribbean Endeavour, M.V. Caribbean Progress and M.V. Simonburn have the option,

exercisable before June 1981, to settle the purchase price in full, in which case rebates of up to £700,000 would be due to them. Accordingly, in arriving at the profit on sale of these vessels, £700,000 has been deducted from the sale price to provide for this contingency.

Group net assets at June 30, 1978, were £8.01m, or 199p per share.

The fleet of the group has been

independently valued by Eggar, Forrester, London ship brokers, at U.S.\$36m (£17.5m) on the basis of worldwide market values at April 10, 1979, as between a willing seller and a willing buyer. This is subject to MV Kurdistan, which was damaged in a maritime accident, being fully repaired.

This valuation would, after all costs, expenses and tax, give rise to an additional 100p per share to the net asset value.

CLIVE INVESTMENTS LIMITED	
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.	
Index Guide as at April 3, 1979 (Base 100 on 14.1.77)	
Clive Fixed Interest Capital	156.00
Clive Fixed Interest Income	127.83

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.	
43 Cornhill, London, EC3V 3PB. Tel.: 01-623 6314.	
Index Guide as at April 19, 1979	
Capital Fixed Interest Portfolio	115.15
Income Fixed Interest Portfolio	104.45

Legal & General: Service to people and to industry pays dividends

Group Profit

Pre-tax group operating profit for 1978 was £20.8m, an increase of 20% over 1977. Profit attributable to shareholders was £14.9m, compared with £14.2m last year.

Insurance Operations

The number of pension schemes contracting out of the earnings related part of the new state pension scheme was up to our best expectations. Many improvements were made in scheme benefits for customers' employees and their dependants and these are reflected in the substantial growth in pensions premium income.

Premiums for ordinary life business increased by over 20% on 1977. Results in the UK were particularly good, with record new business. Improvements have been made to policyholders' bonuses.

General insurance underwriting results were disappointing, particularly overseas, although the underwriting loss was more than matched by investment income.

New International Division

A new division was established to co-ordinate international operations which now account for a significant share of our total business.

Corporate Changes

Subject to shareholders' approval, a new non-insurance, parent company of the group will be set up, called Legal & General Group Ltd. In January, the UK and international

insurance operations and the investment management activities of the group will then

separate into three subsidiary companies of Legal & General Group Ltd.

These structural changes will provide the right environment for the group's further development through the 1980s.

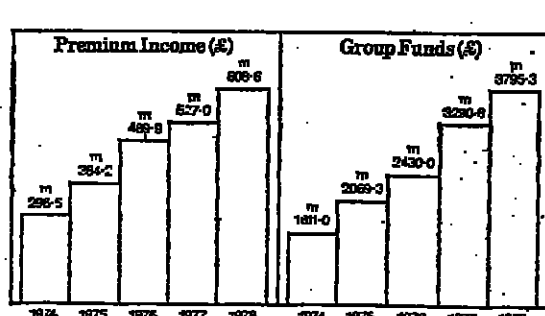
The Insurance Industry

The range of choice and value offered by the UK insurance industry is second to none. This results from a competitive industry enjoying relative freedom from government regulation. Policyholders' savings are invested conferring wide benefits on the whole UK economy, while substantial overseas business attracts vital overseas earnings.

Clearly this valuable national asset, respected and admired abroad for its achievements, must be allowed freedom to build upon its already impressive success story.

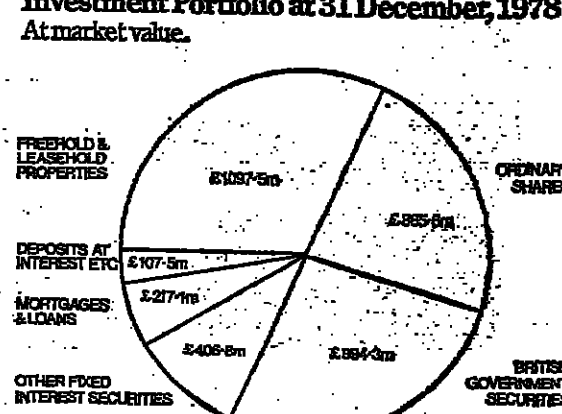
Highlights from the Accounts

	1978	1977
Group operating profit	14.9	14.2
Profits from long term business	9.3	8.2
Policyholders' bonuses	60.6	52.2
Underwriting loss on general insurance	6.0	3.9
Shareholders' dividends	9.6	8.3
Retained profits and reserves	44.9	43.9



Annual General Meeting - 16 May, 1979

Investment Portfolio at 31 December, 1978



Investment Income for 1978 £292.2m

If you wish to receive a copy of the Report & Accounts, or are interested in one of our insurance policies, please tick the appropriate box and send to:

John Neill, Legal & General Assurance Society Ltd., Temple Court, 11 Queen Victoria Street, London EC4N 4TP

☐ Please send me a copy of the 1978 Report & Accounts
☐ Please contact me with details of your policies

Name: _____

Address: _____

Business Tel. No. _____

Home Tel. No. _____



Acoustic and plastics losses hit Revertex

FOLLOWING A warning at half-way that attributable profits were unlikely to show an advance at the year-end, Revertex Chemicals finished 1978 with an attributable surplus down from £1.43m to £705,000 after higher minority interest.

Turnover fell 10 per cent from £2.52m to £2.23m, reflecting losses in the acoustic and plastics division of Proderite after relocation and development expenditure. However, the chemicals side had a good year.

At mid-year, the surplus was up from £1.57m to £1.81m.

Sir Campbell Adamson, chairman, says that without the losses, full-year profits would have increased by some 25 per cent on 1977 levels. Turnover rose from £59.51m to £60.35m.

The current year had a poor start because of secondary picketing, during the lorry drivers' dispute and the bad weather. But the board is confident the measures already taken, together with further steps to increase productivity and reduce costs, will improve the attributable profit level.

The tax charge for the year was £1.37m against £1.17m. The directors explain the adoption of

SSAP 15 means losses in the 100 per cent owned acoustic and plastics divisions are unrelied. Stated earnings per 25p share are 4.95p compared with an adjusted 10.03p, and the net total dividend is effectively maintained at 3.44p, with a 2.37p final.

Minorities rose from £223,000 to £459,000. After an extraordinary debit of £448,000 (£359,000), attributable profit was £257,000 (£1.07m). Dividends again absorbed £250,000.

Manufacturing losses of the acoustic division and Proderite plastics division were £761,000 and £213,000 respectively, before interest and group charges.

Turnover

Trading profit

Assoc. profits

Interest

Profit before tax

Tax

Net profit

Minorities

Extraordinary debit

Leaving

Dividend

Withdrawn reserve

After £1.17m depreciation, 17c reserve.

comment

Pre-tax profits at Revertex

dropped 42 per cent in the

second half. Continued losses by

the acoustic division and the accelerating downturn in the Proderite plastics division only partly explains the fall. It appears that the chemical division, which accounts for the bulk of turnover, was hit by rising "fixed costs," a slowdown in demand and the jump in

petrol prices which occurred from October onwards. There were some product price rises but these were not enough to

ease the pressure on margins which developed in the closing stages of 1978. The prospects for the current year are not

bright. Profits were £250,000 down on budget after the lorry

drivers' strike and the bleak

weather of January and

February. March was a good

month but the company will have

to run fast to post an interim

figure comparable with last

year's £1.8m. Provided the

acoustic division reaches break

even by the end of the year (as

the company hopes) and the

Proderite plastics problems are

solved pre-tax profits for 1979

could show a small improvement

on 1978. The shares, which slip-

ped 41p to 57 1/2p yesterday, are on

historic p/e of 11.2 and a yield

of 9.3 per cent.

MY Dart makes progress and keeps up investment

FOR THE six months to December 30, 1978, M.Y. Dart, manufacturer of sports equipment, packaging materials and pyrotechnics, reports an advance in taxable profits from £722,000 to £810,000, on turnover ahead from £7.04m to £8.96m.

Mr. S. Marks, chairman, says the activities of Dawes Cycles and of the group's warehouse and factory in the U.S. have

now been brought into profitable operation. The group continues

to invest heavily in the plant, machinery and premises necessary

to provide for continued expansion. Possibilities for adding

to activities by acquisition or

association are also being investigated.

He adds that he feels great

confidence in a future of growing

prosperity for the group.

The net interim dividend is

effectively lifted from 0.90909p to

1p at a cost of £137,000

(£124,000). Last year's total

was an adjusted 2.211p on

profits of £1.55m.

First half profit was struck

after depreciation of £260,000

(£182,000) and interest of

£107,000 (£82,000). Tax for the

period took £421,000 (£375,000).

Comparative figures have been

restated following a change in

accounting policies in 1977-78

relating to depreciation of freehold

and long leasehold property.

It is expected that the tax

charge for the full year will be

alleviated by capital allowances

exceeding relevant depreciation

provisions and that some further

stock relief may arise.

In a review of the first half

Mr. Marks reports that sales in-

creased in almost every section

and included the turnover of

Dawes Cycles which was not in

ownership in the first half of

1977-78.

Provisions for depreciation and

charges for interest reflect the

substantial rate of capital ex-

penditure incurred last year and

continued in the current year.

comment

Although the stronger pound

continues to take the competi-

tive edge of exports, M.Y. Dart

has followed up last year's

second half downturn of 18 per

cent with an interim profit rise

of 13 per cent. All divisions

have shown modest progress,

although the results do not

include a profits contribution

from the new ventures. These

should come through strongly in

the second half and enable the

company to make a full recovery

to at least £1.7m for the year.

At this level the shares, at 59p,

sell on a fully-taxed prospective

p/e of 10.6 while the yield is 6.3

per cent. Dawes will provide the

key to long-term growth if

demand for bicycles continues to

rise.

comment

The group is principally

engaged in providing docu-

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and 3.6413p have already been

paid making a total of 5.4419p

net per share (4.9227p). This

payment does not preclude a

further dividend if income tax is

reduced.

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Lambeth BUILDING SOCIETY

Extracts from the statement of the Chairman, Mr. W. E. K. Vaughan, L.L.B., on the Accounts for the 127th YEAR ended 31st January 1979.

ASSETS	£96,651,531
RESERVES	£4,945,348
LIQUID FUNDS	£19,342,962
MORTGAGE ADVANCES	£22,169,479

- * A record year
- * Excellent Reserve ratio
- * Management expenses of 81p per £100 of mean assets compare favourably with those of our competitors

Member of The Building Societies Association
Authorised for investments by Trustees

BASIC TAX PAID

ORDINARY SHARES (11.11.78) 8.30% equal to 12.39%*

PREMIUM SHARES (12.11.78) 9.00% equal to 13.43%*

REGULAR SAVINGS (12.11.78) 9.75% equal to 14.55%*

*Where Income Tax is paid at basic rate of 33%.

For full details with Statement of Accounts apply

LAMBETH BUILDING SOCIETY

118/120 Westminster Bridge Road, London SE1 7XE

or Branch Offices at

Ashted, Kent (23161), Boscombe (Bournemouth 39811),

Orpington (34642), Reigate (49221), Sleaford (01-577 3823),

Tonbridge (353500), Upminster (21009), Woking (73562)

Camrex down to £42,000 over year

A MIXTURE of delayed commencement and completion of certain contracts, and particularly an imbalance between maritime and industrial activities, has led to a slump in profits at Camrex from £1.96m to £42,000 for 1978.

Turnover

Depreciation

Exceptional debit

Profit before tax

Minority interest

Extraordinary debit

Leaving

Dividend

Available

Dividends

In respect of amounts paid to

secure retirement benefits and con-

tribution for loss of office to former

directors, 1 Charge, 2 Affected by

adjustments to deferred tax in line

with SSAP 15

There was an improvement in

the latter months of the year,

and the directors are confident

this will continue in 1979.

The level of inquiries and

orders show that the first half

will be difficult, but over the full

year there should be "real

improvement."

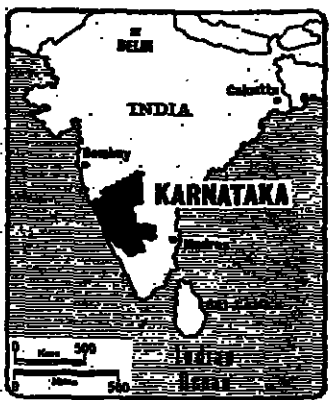
Earnings are shown at 8.45p

(11.51p) per 20p share. A final

dividend of 2.38p lifts the net

International group backs Indian newsprint mill

BY GEOFFREY OWEN



AN UNUSUAL combination of an Indian state government, Indian private investors, American banks, British machinery suppliers and Finnish technical experts is in the final stage of constructing India's largest and most modern newsprint mill. It is being built at Bhadravati in the southern state of Karnataka (formerly Mysore) by Mysore Paper Mills, which is what the Indians call a "mixed" enterprise, that is, one jointly owned by the State Government and by private investors. Part of the money needed for the project—which is due to be completed by the end of March 1980—is being raised from Indian sources; the company will be making representations to potential investors in the U.S. and Europe.

Newsprint has always been regarded as a core sector in India's industrialisation programme, but it has not attracted adequate funds either from state or private sources largely because of the very substantial capital investment involved. There is a small newsprint mill in Madhya Pradesh, owned by the central Government, but the bulk of the market is supplied by imports. The Mysore project and another new mill being built in the neighbouring State of Kerala are designed to correct this situation. Unlike some of India's import-saving projects, moreover, the Mysore mill is firmly based on the availability of local raw materials. The sponsors are confident that costs will be internationally competitive.

Enlightened

Mysore Paper Mills started operations in 1937 with a capacity of 4,000 tonnes a year of printing and writing papers. It was regarded as an example of the enlightened approach to state industrial planning which had been pioneered by the Maharajah of Mysore in the early years of the century. It provided local employment and made good use of the forest resources (mainly bamboo) of the Shimoga region. At the start of the State government held 10 per cent of the equity and was closely involved in the management of the company; it has continued to nominate three of the nine members of the Board including the chairman and managing director.

After the war the capacity of the mill was raised in stages to the present level of 26,000 tonnes a year, but the big change in the character of the company came in 1975, when it was invited by the Indian Government to consider starting newsprint manufacture. A few years earlier a private sector group had acquired a substantial shareholding in the company and the proposed newsprint venture became the subject of disagreement between this group (which opposed it) and the other shareholders. The private group was out-voted and its shares were subsequently acquired by the State government, which now holds 56.2 per cent of the equity.

The rest of the shares are spread widely among small investors and there appears to be a high level of shareholder interest in the company's affairs; at the last annual general meeting more than 1,800 shareholders attended. Mysore Paper Mills has made steady progress over the last few years; except 1975-76, a bad year for the paper industry, when its profits dropped to Rs 0.53m (£31,600). It has maintained a regular 10 per cent dividend.

During 1976 a plan was worked out and approved by the central Government, for installing new facilities which would produce 75,000 tonnes of newsprint a year and increase output of printing and writing paper from 24,000 tonnes to 37,000 tonnes a year. The hope is that when the mill is going at full blast it will be turning out a total of around 130,000 tonnes of paper a year.

The total cost is estimated at Rs 1,000m (about £59m). As in most projects of this type, a major financing role is being played by the Government-

owned term lending institutions. The "spex" body, the Industrial Development Bank of India, is providing a loan of Rs 160m (£9.5m), while a further amount of Rs 160m is coming from the Industrial Finance Corporation of India, the Industrial Credit and Investment Corporation of India and the Life Insurance Corporation.

The company wanted to involve foreign commercial banks in the project, to cover part of the rupee cost as well as the foreign exchange component. The quickest to respond was Chemical Bank of New York; after conducting its own evaluation of the project it agreed to lead a consortium which would provide a loan of \$35m for the new mill. The loan agreement was signed in London last June. The interest rate is 1 per cent above LIBOR (London inter-bank offered rate) with a repayment moratorium of 42 months.

A rights issue will raise another Rs 60m from existing shareholders. The company intends to issue convertible bonds to various categories of potential Indian investors and raise another Rs 90m by a combination of rights issue, special issue to Government of Karnataka and another special issue to Indian residents outside the country. All these issues will rank pari passu for sharing of profits and voting rights. The new investors will be invited to subscribe not less than \$2,000 each and not more than \$5,000.

In planning the project the company has been concerned both to keep the construction period as short as possible and to invest in the most modern technology available. There is, of course, considerable Indian expertise both in the handling of major projects and in producing the hardware, but the management decided to supplement this by bringing in one of the world's leading pulp and paper consultants, Jaskko Poyry of Finland, to help in co-ordinating what was bound to be a very complex undertaking; this company will provide services in process engineering, project monitoring and forestry planning and management.

The two main imported items of plant are the newsprint machine, which has been built in the UK by Beloit Walmesley, and the pulping system, supplied by Bauer in the U.S. The newsprint machine, with a width of 7.1 metres and a speed

of about 880 metres per minute, will be the largest and fastest paper machine so far installed in India. On the pulp side, Mysore will be using — also for the first time in India — the cold soda refiner mechanical pulping process, which provides a much higher yield than conventional processes.

Future plans

The total value of the imported machinery will be about Rs 200m, representing about 20 per cent of the total project cost, and the foreign exchange savings when the plant is fully operational are expected to be about Rs 320m a year. Apart from the newsprint machine and the pulping system, virtually all the rest of the plant is being built in India. A major supplier is Bharat Heavy Electricals, the big government-owned company, which is making the complete power system, including boilers and turbo-generators, while Jessop in Calcutta, a licensee of Beloit Walmesley, is making the stock preparation system. The construction period is about 30 months.

Apart from the Kudremukh iron ore project (whose future is now in some doubt since its main customer was to have been Iran), the Mysore project is the biggest new industrial undertaking in the state of Karnataka. A further investment, for which the company has already received the necessary industrial licence from New Delhi, is to construct a sugar mill on the same site. There is a considerable quantity of sugar cane being grown in the area and the idea is that the sugar mill would use the same utilities—power, steam and maintenance—as the pulp and paper mill; the pulp mill would also use bagasse, the residue from sugar cane, as part of its furnish, although the main wood will be eucalyptus. A sugar mill with an eventual crushing capacity of 10,000 tonnes per day is envisaged and the cost is thought to be around 50-60 per cent of the cost of a conventional mill.

The management of Mysore Paper Mills hopes that if these projects are successful, the company can build on its experience to advise on similar ventures—and participate in them—in other parts of India and in other developing countries.

Republic National Bank of New York

Consolidated Statement of Condition

March 31, 1979

ASSETS	
Cash and demand accounts	\$ 400,861,357
Interest bearing deposits with banks	588,544,850
Precious metals	77,963,214
Investment securities	466,314,844
Federal funds sold and securities purchased under agreements to resell	40,000,000
Loans, net of unearned income	1,745,052,840
Allowance for possible loan losses	(32,127,215)
Loans (net)	1,712,925,625
Customers' liability under acceptances	172,245,821
Bank premises and equipment	23,773,770
Accrued interest receivable	51,193,007
Other assets	104,329,762
	\$3,638,251,850
LIABILITIES AND STOCKHOLDER'S EQUITY	
Deposits	\$2,592,539,499
Short term borrowings	367,606,500
Acceptances outstanding	174,555,307
Accrued interest payable	121,064,810
Due to factored clients	65,137,996
Other liabilities	34,943,962
Stockholder's equity	100,000,000
Common stock	100,000,000
Surplus	82,403,776
Undivided profits	282,403,776
Total stockholder's equity	\$3,638,251,850
Letters of credit outstanding	\$ 151,211,668

The total investment in precious metals and the precious metal content of silver coins were substantially hedged by forward sales. The unhedged portion of this investment was \$3.1 million at March 31, 1979.

A subsidiary of REPUBLIC NEW YORK CORPORATION

REPUBLIC NEW YORK CORPORATION SUMMARY OF RESULTS

Three Months Ended March 31

	1979	1978
Income before securities gains (losses)	\$7,151,897	\$8,069,243
Net income	6,709,389	7,945,821
Earnings per common share (after dividends on preferred stock):		
Income before securities gains (losses):		
Primary	\$1.86	\$1.60
Fully diluted	1.86	1.48
Net income:		
Primary	1.72	1.56
Fully diluted	1.72	1.44
Dividends declared	.50	.38

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VICTORY

International Specialist Reinsurers

1919 Diamond Jubilee 1979

Consolidated Results for 1978

	1978 £	1977 £
Reinsurance Operations (Net)		
General Insurance Premium Income	30,956,000	27,598,000
Life Insurance Premium Income	25,640,000	19,077,000
New Life Sums Assured	939 million	667 million
Profit and Loss Account		
Investment Income	3,433,000	2,668,000
Revenue Account Transfers		
General Business	(1,403,000)	(1,615,000)
Life Business	400,000	100,000
	2,430,000	1,153,000
Expenses, Exchange & Taxation and Minorities in 1978	1,466,000	147,000
Profit after taxation	964,000	1,006,000
Proposed dividend	293,000	267,000
Retained Profit	671,000	739,000
Shareholders' Funds		
Capital	4,850,000	4,850,000
Share Premium Account	180,000	180,000
Retained Profits and Reserves	4,980,000	5,178,000
Net Assets	10,010,000	10,208,000

Highlights

Total Group assets now exceed £130 million.

29% Increase in investment income credited to Profit and Loss Account.

Premium income growth of 12% in General insurance operations. No relaxation of General insurance underwriting standards in a period of significantly increased market capacity.

Premium income growth of 34% in Life insurance operations.

40% increase in Life new sums assured.

1978 increase in pre-tax profits, despite unfavourable climate.

Copies of the Report and Accounts for 1978, incorporating the Chairman's Statement, may be obtained from The Secretary, The Victory Insurance Company Limited, Victory House, Castle Hill Avenue, Folkestone, Kent CT20 2TF.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Overseas earnings boost for Exxon

BY STEWART FLEMING IN NEW YORK

BENEFITTING FROM sharply improved profitability in several overseas markets and a \$100m turnaround in the impact of foreign exchange translations on its profit and loss account, Exxon, the largest U.S. oil company, yesterday reported a 37 per cent rise in first quarter profits.

The Exxon statement tends to confirm expectations that several of the major oil companies will be reporting sharply improved profits in the first quarter. Exxon's earnings for the quarter rose from \$695m in the first quarter of 1978 to \$955m or \$2.16 a share.

The company's share price, which has been firm in recent months, rose a further 1/2 to \$52 1/2 on the news.

The oil industry is concerned about the public response to this quarter's profits announcements because of the prospec-

tive political impact of public attitudes towards the industry on such issues as the proposed oil windfall profits tax. Already there have been signs that public opinion is critical of the improving profitability of the oil industry at a time of sharply rising oil prices.

In its comments on the first quarter outcome Exxon stressed the impact on its earnings of the \$100m of foreign currency translation gains and also pointed out that, compared with the first quarter of 1978, the improved earnings came from foreign operations.

In comparison with the fourth quarter of 1978, when earnings rose 43 per cent, Exxon said that operating earnings in the 1979 first quarter were down 1.1 per cent.

The improvement over the first quarter of 1978, the company added, amounted to a rise

of 19.9 per cent in operating earnings, which was entirely due to better results from foreign petroleum and natural gas operations and from worldwide chemical operations.

Commenting in greater detail on the results, Mr. C. C. Garvin, the chairman, said that earnings from total U.S. petroleum and natural gas operations fell 5 per cent to \$348m compared with the first quarter of 1978, and earnings from exploration and production at \$310m were essentially flat.

Refining and marketing earnings in the U.S. also fell, from \$59m to \$38m.

In contrast, foreign exploration and production earnings increased by 10 per cent to \$411m, partly reflecting higher production of North Sea oil but also because of higher sales volumes in Europe as a result of the exceptionally cold winter.

Refining and marketing profits abroad rose to \$197m from \$92m in the first quarter of 1978. Mr. Garvin pointed out that the firming of selling prices in Europe, which began last summer, continued to contribute to significant earnings improvements.

Earnings from worldwide chemical operations increased 61 per cent to \$90m reflecting stronger demand in the U.S. and abroad, together with improving profit margins on some product lines in foreign markets.

Imperial Oil, controlled by Exxon, and Canada's largest integrated oil company, earned \$389m, or 68 cents a share in the first quarter of 1979, Robert Gibbons writes from Montreal. This compares with \$372m or 55 cents a share a year earlier. Revenues were \$51.5bn, against \$51.2bn.

American Brands profits up sharply

NEW YORK—A rise in net earnings of 25 per cent is reported for the first quarter by American Brands, the cigarettes, toiletries and engineering group. This increase, backed up by a 42 per cent jump to \$160.5m in operating profits, followed an improvement in sales for the quarter from \$1.26bn to \$1.42bn.

Of the sharply increased operating income, domestic tobacco operations contributed \$68.9m, a rise of 22 per cent on last year.

The board commented that during the period, corporate taxes increased by 50 per cent to \$26.6m.

There was an increase in unit cigarette volume in the quarter, with the group's Carleton brand continuing to turn in a strong rate of increase.

In the UK, the group's subsidiary, Gallaher, pushed operating income ahead by 57 per cent to a total of \$35.5m.

Abitibi Paper earns more

By Robert Gibbons in Montreal

ABITIBI PAPER, the world's largest newsprint producer, reports operating net earnings for the first quarter of \$822m or \$1.06 a share, compared with \$744.8m or 74 cents a year earlier.

Sales were \$354m, against \$328m. The company said earnings were reduced by about 10 cents a share by a five week shutdown at an Ontario pulp plant.

INTERNATIONAL CAPITAL MARKETS

Manufacturers Hanover to issue \$100m floater

BY FRANCIS GHILES

MANUFACTURERS Hanover Overseas Capital Corporation is to float \$100m in the form of floating rate notes for 15 years on the Eurobond market.

The borrower will pay a coupon of 1/2 per cent over the three-month Eurodollar rate (Libor) for the first seven years, rising to 1 per cent for the remainder of the life of the notes. These will be convertible on every interest payment date, that is May and November, starting immediately, into 8 per cent fixed interest guaranteed debentures of Manufacturers Hanover Corporation.

Lead manager of this FRN issue is Manufacturers Hanover Ltd., with a management group which includes Banque Nationale de Paris, Credit Suisse, First Boston and Deutsche Bank.

Concurrent with this Eurobond offering, the Manufacturers Hanover Corporation is arranging a 30-year \$150m issue in the U.S. domestic market.

These bonds will have an average life of 21 years.

The syndicate arranging the U.S. domestic bond includes those investment houses which traditionally handle bonds for this borrower—Goldman Sachs,

Merrill Lynch and Salomon Brothers—and Blyth Eastman Dillon, whose idea this bond issue was. This is believed to be the first time a joint Eurobond and U.S. domestic bond is being arranged. The FRN should be attractive to investors for two reasons: first of all, the borrower is of the highest quality, and such paper has scarcity value; second, the return to the investor is closely tied to interest rate movements. The 8 per cent interest offered if the investor were to convert his floating rate notes into debentures represents the equivalent of a minimum coupon. Recent minimum coupons on FRNs for less high quality borrowers have been below 8 per cent.

For the borrower, the advantage of the manner in which the joint bond issue is structured lies in the flexibility it gives the bank in the use of the funds.

In the secondary market, trading in dollar-denominated bonds was very thin. The picture was much the same in the Deutsche Mark sector, though some prices did weaken.

The German capital markets

sub-committee meeting next Thursday will have to make a difficult decision concerning the volume of new Deutsche Mark issues for the month of May. Deutsche Mark bonds are not attracting strong investor interest at present, with few exceptions. Even when priced according to market expectations, new issues move very slowly. The explanation is simple; investors do not see the German currency moving up at all over the next month or so. Many German bankers would like to see the calendar reduced from the level of new issues for April, that is a maximum of DM770m, to some would like to see it closed altogether for a few weeks.

Such an outcome of the sub-committee meeting is thought to be unlikely, not least because it would not agree with the attitude of the Bundesbank representative, who would wish to see market forces work freely. The ideal outcome for most bankers would be a reduction in the volume of new issues, say to between DM300m and DM400m, with a weak between each new issue to allow proper placement of the bonds.

Elektrobras raises \$400m loan

BY OUR EUROMARKETS STAFF

CENTRAIS Electricas Brasileiras (Elektrobras), the Brazilian energy company, has raised Eurocurrency credits totalling \$400m among an international banking consortium headed by Deutsche Genossenschaftsbank.

The credits represent the largest unconditional loan package yet raised by Elektrobras on

the Euromarkets.

The funds will be used over the next several years to finance the expansion of the company's hydroelectric generating capacity. Elektrobras currently supplies 10 per cent of Brazil's electrical energy.

The loans, which are guaranteed by the Federative

Republic, comprise mainly a \$300m tranche with a maturity of 12 years. Margins are 7/8 per cent over interbank rates. For the first six years, 1 per cent for the next three years and 1 1/2 per cent for the last three. A further \$40m 15-year tranche carries a spread of 1 1/2 per cent throughout.

UCA win \$35bn Saudi insurance deal

By John Moore

INSURANCE FOR the construction of \$35bn (£16.9bn) of public facilities in the newly developing Saudi Arabia cities of Jubail and Yanbu is to be arranged by United Commercial Agencies (UCA) and Alexander Incorporated, one of the largest insurance brokers in the U.S.

United Commercial Agencies, under the chairmanship of Dr. Ghaila Pharaon, and Alexander and Alexander are to develop, implement and administer insurance and risk management programmes covering the new infrastructure in a joint venture arrangement.

The insurance contract is for five years, and subject to re-negotiation for an additional five years.

Fees for the joint venture arrangement over the five-year contract are expected to total about \$10m (\$4.8m).

United Commercial Agencies has many insurance interests. It formed the Insurance Pool for the Middle East, which includes not only international insurance companies but also insurance companies owned and controlled by the United Commercial Agencies group.

It also has insurance interests in the Far East.

Good start to year at Tenneco

BY OUR FINANCIAL STAFF

TENNECO, the Houston-based diversified energy company, has achieved a 13 per cent increase to \$125m or \$1.19 per share in net income in the first quarter, up from \$110m or \$1.10 per share. Revenue rose to \$2.5bn from \$2.04bn.

The strong performance appears to be rooted in the company's continuing success in raising domestic oil and gas production. The same factors ensured that the company set records last year in operating revenue, net income and earnings per share.

Tenneco's oil production increased last year by 18 per cent compared with an industry decline of 5 per cent. Gas production went up by 36 per cent against an industry decrease of about 13 per cent.

There was some indication in the first quarter results, however, of narrowing margins. Fixed costs have been rising rapidly, and operating income increased last year by just under 3 per cent.

President Carter's proposed de-control of energy prices earlier this year is expected to lead to price rises, which should

help to improve Tenneco's margins. While the company's rivals are busily diversifying into non-energy fields as a hedge against the economic and regulatory risks of the oil and gas business, Tenneco has already successfully diversified and is thus in a strong position. Some of these interests—including the shipbuilding division—are doing badly, but the success of the chemical operations (which increased earnings last year by 27 per cent) and the construction subsidiary have allowed the company to step up its energy output considerably.

Avon's margins under pressure

BY OUR FINANCIAL STAFF

AVON PRODUCTS, the cosmetics and costume jewellery company, reports a 21 per cent increase in first quarter earnings but inflationary cost pressures, margins were reduced. Post tax net earnings, however, were boosted by lower U.S. taxes in the period.

The company said the total first quarter percentage sales gain was its best in eight years and the international sales increase of 39 per cent the highest for any quarter since 1967.

Avon said overseas representatives and orders also rose and the average number of

customers served by each representative increased throughout most of its worldwide operations.

WUI-Xerox link

WUI Incorporated and Xerox Corporation have announced that if their proposed merger is effected WUI shareholders will receive 0.64864 of a share of Xerox common stock for each share of WUI common, reports AP-DJ from New York.

THE MEXICAN STEEL INDUSTRY

Shaping up to booming demand

BY WILLIAM CHISLETT IN MEXICO CITY

SIDEREX, the Mexican Government's holding company, which oversees the three state steel mills—Altos Hornos, Sidercar and Fundidora de Monterrey—is shaping up to meet the fast increasing demands for steel. Output last year from the three mills was 3.7m tonnes, a 23 per cent increase over 1977. This year, production is forecast at 4.5m tonnes.

Total steel output in Mexico in 1978 was 6.7m tonnes, taking in the contribution from Hylsa, the private, highly successful mill, based in Monterrey, and also Tubos de Acero de Mexico and several non-integrated mills.

Total output this year is optimistically estimated at 7.8m tonnes, which would mean that the steel industry as a whole would be producing at 86 per cent capacity as against 74 per cent in 1978 and 62 per cent in 1977. Total installed capacity is just over 9m tonnes and national demand about 8.4m tonnes.

Siderex was formed in 1978 after the public-sector steel mills were reorganised. As Pemex, the state-owned oil monopoly, quickly increased its production and became the pivot of the economy, which grew by 6.6 per cent in 1978, the Government saw the need for greater co-ordination in the steel sector. Also it discerned long-term planning to meet the rising needs of industry, particularly

the petroleum industry. The recently announced National Industrial Development Plan estimates that national demand for steel in 1985 will be 13m tonnes.

Sidercar, which is located at Lázaro Cardenas on the Pacific coast, had a poor showing in its first year of operations in 1977, with total production a mere 263,128 tonnes, a mere 20 per cent of capacity, and losses of \$89m. It received sub-

sidies for operating expenses of 6bn pesos (\$273m) in 1977 and 3bn pesos in 1978.

Last year's production was 600,000 tonnes which augurs well for the future. This year, Sidercar is expected to produce 770,000 tonnes. Full production could then be reached in 1980.

Plagued by teething and labour problems and problems posed by a veritable UN of equipment from 32 different countries, Sidercar's birth has been painful. However, last year the company reached the break-even point and this year officials estimate that it could make a slight profit.

Sidercar at the moment only produces non-flat. Later this year, it is expected to start producing second stage of Sidercar's mill, for the produc-

tion of light plate and hot-rolled sheet and coil, which has been under review for two years, could be commenced. This would increase the installed capacity from the present 1.5m tonnes to 2.7m tonnes at a cost of at least 2.7bn pesos (\$1.1bn).

If the second stage goes ahead, this would enable Mexico to cut its steel import bill substantially. Last year, 458,000 tonnes of steel plate and 338,000 tonnes of large diameter pipe,

worth together \$665m, were imported because local industry could not meet the demands of Pemex and other industries.

Fundidora de Monterrey, which is 44 per cent Government owned compared to Sidercar which is 100 per cent and Altos Hornos, 80 per cent, has been another headache for Siderex.

The Government came to its rescue after the devaluation of the peso in 1976 when Fundidora had an external debt of \$360m. The debt was refinanced with a three year grace period.

Then production was severely hit by strikes. During 1977 and 1978, Fundidora lost 109 days of production because of labour disputes. Only now is the third stage of Fundidora's expansion plan, which raised installed

capacity to 1.5m tonnes in 1977, bearing fruit. Production has gone from 700,000 tonnes in 1977 to 960,000 tonnes last year, an increase of \$90m in 1977, could be turned into a small profit this year if production of 1.2m tonnes is reached. Further expansion plans will raise capacity to 1.8m tonnes.

Fundidora's improved position can be judged from its performance on the Mexico Stock Exchange. In April 1978, its shares were quoted at 18 pesos each and a year later at 47 pesos.

The success of Altos Hornos, judged by the same criteria, has been even better. Its shares in the same period have gone from 29 pesos to 16 pesos.

Altos Hornos was also badly affected by the devaluation. Its losses in 1977 were \$10m while production was 2.2m tonnes (capacity 3.2m tonnes). Last year production was at the same level but, this year, officials believe that it could be boosted to 2.8m tonnes. The capacity of Altos Hornos will be raised to 4.2m tonnes.

The labour situation at the three mills is much better now. Last year Siderex agreed a package of incentives with workers whereby increased production is rewarded with bonuses. Last month Siderex successfully concluded labour contracts and as result expects a trouble free year.

Mexico, with a rapidly expanding economy already reflecting oil prospects, is now developing its steel sector to meet the rising needs of industry

AMERICAN QUARTERLIES

ALBANY INTERNATIONAL	COMMONWEALTH OIL REFINING	JOHNS-MANVILLE	MUNINGSWEAR
First quarter 1979	First quarter 1979	First quarter 1979	First quarter 1979
Revenue 79.3m	Revenue 236.2m	Revenue 478.3m	Revenue 34.7m
Net profits 5.35m	Net profits 13.0m	Net profits 14.11m	Net profits 34.7m
Net per share 1.01	Net per share 0.76	Net per share 0.05	Net per share 0.87
BAUSCH AND LOMB	COMMUNICATIONS SATellite	JOHNSON CONTROLS	NATIONAL DISTILLERS & CHEMICAL
First quarter 1979	First quarter 1979	Second quarter 1978	First quarter 1979
Revenue 116.5m	Revenue 9.5m	Revenue 221.5m	Revenue 54.5m
Net profits 4.05m	Net profits 49.1m	Net profits 9.08m	Net profits 54.5m
Net per share 1.37	Net per share 11.80m	Net per share 0.05	Net per share 29.28m
BLACK AND DECKER	COX BROADCASTING	JOHNSON CONTROLS	NORTHWEST INDUSTRIES
Second quarter 1979	First quarter 1979	Second quarter 1978	First quarter 1979
Revenue 228.9m	Revenue 5.5m	Revenue 221.5m	Revenue 54.5m
Net profits 24.62m	Net profits 55.8m	Net profits 9.08m	Net profits 54.5m
Net per share 0.59	Net profits 9.37m	Net per share 0.05	Net per share 29.28m
BRANIFF INTERNATIONAL	DILLINGHAM	JOHNSON CONTROLS	PENNY
First quarter 1979	First quarter 1979	Second quarter 1978	First quarter 1979
Revenue 283.5m	Revenue 251.6m	Revenue 221.5m	Revenue 54.5m
Net profits 8.1m	Net profits 9.8m	Net profits 9.08m	Net profits 54.5m
Net per share 0.40	Net per share 0.84	Net per share 0.05	Net per share 29.28m
BRUNSWICK	DILLON COMPANIES	JOHNSON CONTROLS	PENNY
First quarter 1979	Third quarter 1978	Second quarter 1978	First quarter 1979
Revenue 328.3m	Revenue 440.6m	Revenue 221.5m	Revenue 54.5m
Net profits 16.18m	Net profits 3.71m	Net profits 9.08m	Net profits 54.5m
Net per share 0.71	Net profits 0.81	Net per share 0.05	Net per share 29.28m
CARLISLE CORPORATION	FIRST CHICAGO CORPORATION	JOHNSON CONTROLS	PENNY
First quarter 1979	First quarter 1979	Second quarter 1978	First quarter 1979
Revenue 77.5m	Revenue 33.3m	Revenue 221.5m	Revenue 54.5m
Net profits 4.68m	Net profits 33.3m	Net profits 9.08m	Net profits 54.5m
Net per share 1.03	Net per share 0.85	Net per share 0.05	Net per share 29.28m
CENTRAL AND SOUTH WEST	HOLIDAY INNS	JOHNSON CONTROLS	PENNY
First quarter 1979	First quarter 1979	Second quarter 1978	First quarter 1979
Revenue 32.8m	Revenue 226.6m	Revenue 221.5m	Revenue 54.5m
Net profits 37.42m	Net profits 13.14m	Net profits 9.08m	Net profits 54.5m
Net per share 0.57	Net per share 0.42	Net per share 0.05	Net per share 29.28m
CITY INVESTING COMPANY	JOHNSON CONTROLS	JOHNSON CONTROLS	PENNY
First quarter 1979	First quarter 1979	Second quarter 1978	First quarter 1979
Revenue 1.2m	Revenue 48.5m	Revenue 221.5m	Revenue 54.5m
Net profits 22.04m	Net profits 23.6m	Net profits 9.08m	Net profits 54.5m
Net per share 0.80	Net profits 0.83	Net per share 0.05	Net per share 29.28m
CLUETT PEARBODY	W. W. GRAINGER	JOHNSON CONTROLS	PENNY
First quarter 1979	First quarter 1979	Second quarter 1978	First quarter 1979
Revenue 147.2m	Revenue 153.7m	Revenue 221.5m	Revenue 54.5m
Net profits 3.56m	Net profits 5.22m	Net profits 9.08m	Net profits 54.5m
Net per share 0.36	Net per share 0.65	Net per share 0.05	Net per share 29.28m
CRANE	HOLIDAY INNS	JOHNSON CONTROLS	PENNY
First quarter 1979	First quarter 1979	Second quarter 1978	First quarter 1979
Revenue 313.6m	Revenue 226.6m	Revenue 221.5m	Revenue 54.5m
Net profits 8.1m	Net profits 13.14m	Net profits 9.08m	Net profits 54.5m
Net per share 0.81	Net per share 0.42	Net per share 0.05	Net per share 29.28m

All these Bonds have been sold. This announcement appears as a matter of record only.

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Swiss Bank Corporation (Overseas) Limited

Alahli Bank of Kuwait (K.S.C.)

American Express Bank International Group

A. E. Ames & Co.

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Banca del Gottardo

Banca Nazionale del Lavoro

Bank of America International Limited

Bank Julius Baer International Limited

Bank Gutzwiller, Kurz, Bungenberg

Bank Gutzwiller, Kurz, Bungenberg

Bank of Helsinki

Bank Ley International Limited

Bank Mees & Hope N.V.

Bankers Trust International

Bankers Trust International

Banque Bruxelles Lambert S.A.

Banque Française du Commerce Extérieur

Banque Générale du Luxembourg S.A.

Banque de l'Indochine et de Suez

Banque de l'Indochine et de Suez

Banque Nationale de Paris

Banque de Neufville, Schlumberger, Mallet

Banque de Paris et des Pays-Bas (Suisse) S.A.

Banque Rothschild

Banque de Paris et des Pays-Bas (Suisse) S.A.

Banque Rothschild

Banque Scandinave en Suisse

Banque Worms

Bayerische Landesbank

Bayerische Landesbank

Bayerische Vereinsbank

Bergan Bank

Berliner Handels- und Frankfurter Bank

Blyth Eastman Dillon & Co. International Limited

INTERNATIONAL COMPANIES and FINANCE

Swedish cement group on target

By Victor Kuylen in Stockholm

Sweden and Europe's biggest public works contractor, Skanska, announced a preliminary consolidated pre-tax profit for 1978 of Skr 348m (\$18m). As predicted in the eighth interim report, this was somewhat higher than the Skr 336m recorded in 1977.

With a turnover of Skr 7,828m (\$417m), Skanska comfortably exceeded its October prediction of Skr 7,220m for 1978 and was up by 18.5 per cent on the preceding year's sales of Skr 6,540m. The board recommends raising the dividend by Skr 2 to Skr 13, which would require payment of Skr 35m against Skr 22.2m for 1977. It also proposes to raise the share capital by Skr 67.3m to Skr 201.9m by a bonus issue of one share for each two existing shares.

Skanska predicted that its 1979 consolidated pre-tax profit would be somewhat larger than the 1978 figure, which includes Skr 86m in net financial income and Skr 11m in net extraordinary costs. In 1977, financial items gave a net income of Skr 108m and there was a net extraordinary income of Skr 22m.

After appropriations and taxes, Skanska's net profit in 1978 was Skr 123m compared with Skr 86m the year before. The parent company, whose pre-tax earnings rose by Skr 4m to Skr 206m last year on turnover of Skr 6,430m, 17 per cent above 1977 sales, recorded a 1978 net profit of Skr 100m, or Skr 25m up on the preceding year.

German bond sales

FRANKFURT—Net sales of West German fixed interest securities totalled DM4,599m in March, compared with a downward revision of DM5,110m in February.

The Bundesbank, which issued DM3,340m net sales according to the Bundesbank. Gross sales fell to DM7,780m from a downward revised DM9,250m, and were up slightly from the year-ago DM7,120m. Redemptions fell to DM3,180m from DM4,170m and were slightly below the year-ago DM3,790m.

Reuter

DAF Trucks expects to move out of the red

BY CHARLES BATCHELOR IN AMSTERDAM

DAF TRUCKS, the Dutch commercial vehicle maker, expects to return to profit this year after going into the red in 1978. But DAF's president, Mr. Piet van Doorne, warns that the wage agreement recently reached at its Belgian factory posed a threat to this forecast.

The overall result for DAF is expected to be positive again in 1979 after the net loss of F118m (\$38m) in 1978. The satisfactory order book and smoother production performance will lead to a more favourable result for commercial vehicles while losses in the special products division will be considerably lower.

Prospects in Western Europe are more favourable given the gradual improvement of the

West German economy, low inflation and the closer monetary co-operation within the EEC. This is expected to lead to higher investment by the transport industry. Developments in the first few months of 1979 have confirmed these expectations, DAF says.

Following last year's strike at DAF's only foreign production plant, at Oevel in Belgium, this factory continues to pose problems for the group. The 1979 wage agreement will lead to an 8.5 per cent rise in wage costs while a further 13 per cent increase is likely next year, Mr. van Doorne said in a message to the workforce.

The Belgian Government's programme to reduce the working week to 36 hours from 38—

compared with the average of 40 hours in Holland—will also increase costs considerably. Last year's move into the red followed the tripling of net profit to F130.1m the year before. Sales fell 2 per cent in 1978 to F1,170m (\$355m). Production difficulties and introduction of new internal systems led to a 12 per cent fall to 11,370 in the number of trucks produced.

The special products division made a considerable loss with the military and aviation sectors experiencing difficulties as well as the trailer sector. After problems with the landing gear for the F-16 fighter co-operation with the U.S. main contractor, Menasco, was stepped up and the situation has improved.

Herstal down but maintains payout

By Giles Merritt in Brussels

FABRIQUE NATIONALE Herstal, the major Belgian arms-to-aero engines group, has announced that it is maintaining its dividend level, in spite of a fall in net earnings.

The costly restructuring and diversification programme that the Liege-based FN is currently embarked on has contributed to net earnings dropping sharply for the period ending December 31, 1978. Announcing the figures for an extraordinary 18-month reporting period up to that date—which results from switching from its previous financial year to the end of June—the group revealed that profits stood at Bfr 141m (\$467m), compared with the Bfr 197m earnings recorded for the 12-month period to June, 1977.

Heavy investments in FN's aircraft engines division, which is involved with Pratt and Whitney of the U.S. in producing 1,100 engines for the new F-16 combat plane, are understood to have contributed to lower net profits. During the 12 months to last June, the new F100 plant absorbed Bfr 1,220m out of total FN investments of Bfr 1,680m.

Sales for the 18-month period from July 1977 to December 1978 totalled Bfrs 16,900 (\$560m), as against Bfrs 10,470m for the preceding 12-month period.

Hill Samuel in Bahrain

By David Freud

THE London merchant bank Hill Samuel has started a new banking venture in Bahrain in partnership with the Paris-based Compagnie Arabe et Internationale d'Investissement.

The new merchant bank, known as BAH-Hill Samuel Corporation, has been granted an investment banking licence by the Bahrain Monetary Agency. It will have an initial share capital of BD 1m (US\$ 2.6m).

Tanker cancellation fees help Aker to cut deficit

BY FAY GJESTER IN OSLO

NORWAY'S AKER shipbuilding and offshore fabricating group had increased turnover and profit before financial provisions in 1978. But the net result, after financial provisions, is a deficit of Nkr 12.5m (\$2.42m) compared with Nkr 19m in 1977, and for the first year running, no dividend is being paid.

The value of production in 1978 is estimated at Nkr 3bn against Nkr 2.89bn, and invoiced sales reached Nkr 3bn compared with Nkr 2.8bn, including exports valued at Nkr 1.5bn against Nkr 0.9bn. Cancellation fees for tankers which should have been delivered in 1978 accounted for Nkr 108m of this year's income, after deduction of all direct payments to sub-contractors and others. The fees were agreed several years ago when the contracts were cancelled, but for tax reasons they are being

credited to income in the years the ships should have been delivered. A further amount will be credited to this year's income.

Aker's managing director, Mr. Gustav Heiberg Simonsen, described the 1978 results as reasonably good, under the circumstances. This year's liquidity had improved during 1978, and there was a reduction in net interest costs.

The annual report says that the group has continued to deploy activities away from shipbuilding and the production of ship engines. Building of platforms and other offshore constructions at yards on the mainland accounted for 22 per

cent of group capacity, while contracting work undertaken offshore accounted for 23 per cent.

Shipbuilding accounted for 26 per cent, production of motors, ship equipment, etc. for 9 per cent, repairs and conversions for 6 per cent and other trial contracts (involving a wide range of products) for 14 per cent.

In a review of market prospects, the report says that Aker has attempted to secure offshore assignments in the UK sector of the North Sea, but it has become more difficult for Norwegian companies to obtain orders on this market.

Bids have been submitted for offshore work in China, Brazil and Mexico, and Aker has been contacted by the Das Wo company, of Korea, which wants the group to become its partner in planned offshore operations in Korean waters.

Dutch insurer boosts profits

BY OUR FINANCIAL STAFF

ENXIA, the Dutch insurance group, boosted its net profits last year from F142.9m to F155.5m (\$28m).

Earnings per share moved up from F123.95 to F125.96 on capital increased by 19.5 per cent.

Enxia is paying a final dividend of F15 cash against F14.75, making a total of F18 after last year's F17.50, or F11.30 in cash

against F10.75 plus a maintained 31 per cent tax-free in shares from the share premium reserve. The company will also make a 10 per cent tax-free share distribution, ranking for the 1979 dividend, to celebrate its 10th anniversary.

Meanwhile, Amfas, the Amsterdam-based insurance company, has announced a profits advance last year from F29.4m to F34.3m on revenues

up from F11bn to F11.19bn.

Net profits per share emerged at F117.52 against F113.51. A final dividend of F14.30 (F13.80) in cash is being paid for a total of F16.50 against F15.80 on capital increased by 2.5 per cent.

Shareholders will have the option of taking a final cash dividend of F12 (F11.60) and F1.00 in shares, tax-free, from the share premium reserve.

Mixed results for Shell Nederland

THE HAGUE—Shell Nederland made a profit of F110m to F115m (\$4.85m to \$7.28m) on its refining activities in 1978. The Netherlands last year, but the chemicals sector realised a net loss of more than F100m, the company reported at its annual Press conference.

The losses of Shell Nederland Chemie are expected to narrow in the current year, with an upsurge in the demand for naphtha.

In 1978 market prices for many products shrank after significant decreases in 1977, due to overcapacity in the chemical sector in Western

Europe and there was a sharp rise in world raw material prices in the fourth quarter.

The refining company—Shell Nederland Raffinaderij Rotterdam—made a modest profit as a result of rising prices for oil products in the second half and distribution, marketing objectives, but Shell Tankers reduced its fleet from 43 to 36 ships in response to a decrease in world demand.

The oil and gas exploration unit, Nederlandse Aardolie Maatschappij, expects to double production of gas from the North Sea in 1979 to about 10m cubic metres.

Imetal setback

SOCIETE IMETAL, a holding company belonging to the Rothschild group, reports a non-consolidated net profit of Ffr 36.1m (\$8.3m) for 1978, compared with Ffr 37.5m in 1977, reports AP-DJ from Paris. The company will pay an unequal net dividend of Ffr 3.80 per share.

At the same time, Societe Metallurgique de Nickel (SLN), known as BAH-Hill Samuel Corporation, has been granted an investment banking licence by the Bahrain Monetary Agency. It will have an initial share capital of BD 1m (US\$ 2.6m).

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR						U.S. DOLLAR					
Country	Issued	Bid	Offer	Change	Yield	Country	Issued	Bid	Offer	Change	Yield
Argentina 5 1/2	100	92 1/2	93	-0 1/2	6.75	Canada 5 1/2	100	97 1/2	98	-0 1/2	10.00
Brazil 12 1/2	100	85 1/2	86	-0 1/2	10.00	France 12 1/2	100	100 1/2	101	-0 1/2	10.00
Chile 12 1/2	100	85 1/2	86	-0 1/2	10.00	Germany 12 1/2	100	95 1/2	96	-0 1/2	10.00
Colombia 12 1/2	100	85 1/2	86	-0 1/2	10.00	Italy 12 1/2	100	95 1/2	96	-0 1/2	10.00
Czech Rep. 12 1/2	100	85 1/2	86	-0 1/2	10.00	Japan 12 1/2	100	95 1/2	96	-0 1/2	10.00
Dominican Rep. 12 1/2	100	85 1/2	86	-0 1/2	10.00	Netherlands 12 1/2	100	95 1/2	96	-0 1/2	10.00
Ecuador 12 1/2	100	85 1/2	86	-0 1/2	10.00	Norway 12 1/2	100	95 1/2	96	-0 1/2	10.00
El Salvador 12 1/2	100	85 1/2	86	-0 1/2	10.00	Spain 12 1/2	100	95 1/2	96	-0 1/2	10.00
Equatorial Guinea 12 1/2	100	85 1/2	86	-0 1/2	10.00	Sweden 12 1/2	100	95 1/2	96	-0 1/2	10.00
Guatemala 12 1/2	100	85 1/2	86	-0 1/2	10.00	Switzerland 12 1/2	100	95 1/2	96	-0 1/2	10.00
Honduras 12 1/2	100	85 1/2	86	-0 1/2	10.00	UK 12 1/2	100	95 1/2	96	-0 1/2	10.00
Indonesia 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Iran 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Italy 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Japan 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Korea 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Malaysia 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Mexico 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Morocco 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Netherlands 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Norway 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Spain 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Sweden 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Switzerland 12 1/2	100	95 1/2	96	-0 1/2	10.00						
UK 12 1/2	100	95 1/2	96	-0 1/2	10.00						

DEUTSCHE MARK						DEUTSCHE MARK					
Country	Issued	Bid	Offer	Change	Yield	Country	Issued	Bid	Offer	Change	Yield
Argentina 5 1/2	100	92 1/2	93	-0 1/2	6.75	Canada 5 1/2	100	97 1/2	98	-0 1/2	10.00
Brazil 12 1/2	100	85 1/2	86	-0 1/2	10.00	France 12 1/2	100	100 1/2	101	-0 1/2	10.00
Chile 12 1/2	100	85 1/2	86	-0 1/2	10.00	Germany 12 1/2	100	95 1/2	96	-0 1/2	10.00
Colombia 12 1/2	100	85 1/2	86	-0 1/2	10.00	Italy 12 1/2	100	95 1/2	96	-0 1/2	10.00
Czech Rep. 12 1/2	100	85 1/2	86	-0 1/2	10.00	Japan 12 1/2	100	95 1/2	96	-0 1/2	10.00
Dominican Rep. 12 1/2	100	85 1/2	86	-0 1/2	10.00	Netherlands 12 1/2	100	95 1/2	96	-0 1/2	10.00
Ecuador 12 1/2	100	85 1/2	86	-0 1/2	10.00	Norway 12 1/2	100	95 1/2	96	-0 1/2	10.00
El Salvador 12 1/2	100	85 1/2	86	-0 1/2	10.00	Spain 12 1/2	100	95 1/2	96	-0 1/2	10.00
Equatorial Guinea 12 1/2	100	85 1/2	86	-0 1/2	10.00	Sweden 12 1/2	100	95 1/2	96	-0 1/2	10.00
Guatemala 12 1/2	100	85 1/2	86	-0 1/2	10.00	Switzerland 12 1/2	100	95 1/2	96	-0 1/2	10.00
Honduras 12 1/2	100	85 1/2	86	-0 1/2	10.00	UK 12 1/2	100	95 1/2	96	-0 1/2	10.00
Indonesia 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Iran 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Italy 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Japan 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Korea 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Malaysia 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Mexico 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Morocco 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Netherlands 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Norway 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Spain 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Sweden 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Switzerland 12 1/2	100	95 1/2	96	-0 1/2	10.00						
UK 12 1/2	100	95 1/2	96	-0 1/2	10.00						

STRAIGHTS						STRAIGHTS					
Country	Issued	Bid	Offer	Change	Yield	Country	Issued	Bid	Offer	Change	Yield
Argentina 5 1/2	100	92 1/2	93	-0 1/2	6.75	Canada 5 1/2	100	97 1/2	98	-0 1/2	10.00
Brazil 12 1/2	100	85 1/2	86	-0 1/2	10.00	France 12 1/2	100	100 1/2	101	-0 1/2	10.00
Chile 12 1/2	100	85 1/2	86	-0 1/2	10.00	Germany 12 1/2	100	95 1/2	96	-0 1/2	10.00
Colombia 12 1/2	100	85 1/2	86	-0 1/2	10.00	Italy 12 1/2	100	95 1/2	96	-0 1/2	10.00
Czech Rep. 12 1/2	100	85 1/2	86	-0 1/2	10.00	Japan 12 1/2	100	95 1/2	96	-0 1/2	10.00
Dominican Rep. 12 1/2	100	85 1/2	86	-0 1/2	10.00	Netherlands 12 1/2	100	95 1/2	96	-0 1/2	10.00
Ecuador 12 1/2	100	85 1/2	86	-0 1/2	10.00	Norway 12 1/2	100	95 1/2	96	-0 1/2	10.00
El Salvador 12 1/2	100	85 1/2	86	-0 1/2	10.00	Spain 12 1/2	100	95 1/2	96	-0 1/2	10.00
Equatorial Guinea 12 1/2	100	85 1/2	86	-0 1/2	10.00	Sweden 12 1/2	100	95 1/2	96	-0 1/2	10.00
Guatemala 12 1/2	100	85 1/2	86	-0 1/2	10.00	Switzerland 12 1/2	100	95 1/2	96	-0 1/2	10.00
Honduras 12 1/2	100	85 1/2	86	-0 1/2	10.00	UK 12 1/2	100	95 1/2	96	-0 1/2	10.00
Indonesia 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Iran 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Italy 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Japan 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Korea 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Malaysia 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Mexico 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Morocco 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Netherlands 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Norway 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Spain 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Sweden 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Switzerland 12 1/2	100	95 1/2	96	-0 1/2	10.00						
UK 12 1/2	100	95 1/2	96	-0 1/2	10.00						

CONVERTIBLE						CONVERTIBLE					
Country	Issued	Bid	Offer	Change	Yield	Country	Issued	Bid	Offer	Change	Yield
Argentina 5 1/2	100	92 1/2	93	-0 1/2	6.75	Canada 5 1/2	100	97 1/2	98	-0 1/2	10.00
Brazil 12 1/2	100	85 1/2	86	-0 1/2	10.00	France 12 1/2	100	100 1/2	101	-0 1/2	10.00
Chile 12 1/2	100	85 1/2	86	-0 1/2	10.00	Germany 12 1/2	100	95 1/2	96	-0 1/2	10.00
Colombia 12 1/2	100	85 1/2	86	-0 1/2	10.00	Italy 12 1/2	100	95 1/2	96	-0 1/2	10.00
Czech Rep. 12 1/2	100	85 1/2	86	-0 1/2	10.00	Japan 12 1/2	100	95 1/2	96	-0 1/2	10.00
Dominican Rep. 12 1/2	100	85 1/2	86	-0 1/2	10.00	Netherlands 12 1/2	100	95 1/2	96	-0 1/2	10.00
Ecuador 12 1/2	100	85 1/2	86	-0 1/2	10.00	Norway 12 1/2	100	95 1/2	96	-0 1/2	10.00
El Salvador 12 1/2	100	85 1/2	86	-0 1/2	10.00	Spain 12 1/2	100	95 1/2	96	-0 1/2	10.00
Equatorial Guinea 12 1/2	100	85 1/2	86	-0 1/2	10.00	Sweden 12 1/2	100	95 1/2	96	-0 1/2	10.00
Guatemala 12 1/2	100	85 1/2	86	-0 1/2	10.00	Switzerland 12 1/2	100	95 1/2	96	-0 1/2	10.00
Honduras 12 1/2	100	85 1/2	86	-0 1/2	10.00	UK 12 1/2	100	95 1/2	96	-0 1/2	10.00
Indonesia 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Iran 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Italy 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Japan 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Korea 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Malaysia 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Mexico 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Morocco 12 1/2	100	85 1/2	86	-0 1/2	10.00						
Netherlands 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Norway 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Spain 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Sweden 12 1/2	100	95 1/2	96	-0 1/2	10.00						
Switzerland 12 1/2	100	95 1/2	96	-0 1/2	10.00						
UK 12 1/2	100	95 1/2	96	-0 1/2	10.00						

SWISS FRANC						SWISS FRANC					
Country	Issued	Bid	Offer	Change	Yield	Country	Issued	Bid	Offer	Change	Yield
Argentina 5 1/2	100	92 1/2	93	-0 1/2	6.75	Canada 5 1/2	100	97 1/2	98	-0 1/2	10.00
Brazil 12 1/2	100	85 1/2	86	-0 1/2	10.00	France 12 1/2	100	100 1/2	101	-0 1/2	10.00
Chile 12 1/2	100	85 1/2	86	-0 1/2	10.00	Germany 12 1/2	100	95 1/2	96	-0 1/2	10.00
Colombia 12 1/2	100	85 1/2	86	-0 1/2	10.00	Italy 12 1/2	100	95 1/2	96	-0 1/2	10.00
Czech Rep. 12 1/2	100	85 1/2	86	-0 1/2	10.00	Japan 12 1/2	100	95 1/2	96	-0 1/2	10.00
Dominican Rep. 12 1/2	100	85 1/2	86	-0 1/2	10.00	Netherlands 12 1/2	100	95 1/2	96	-0 1/2	10.00
Ecuador 12 1/2	100	85 1/2	86	-0 1/2	10.00	Norway 12 1/2	100	95 1/2	96	-0 1/2	10.00
El Salvador 12 1/2	100	85 1/2	86	-0 1/2	10.00	Spain 12 1/2	100	95 1/2	96	-0 1/2	10.00
Equatorial Guinea 12 1/2	100	85 1/2	86	-0 1/2	10.00	Sweden 12 1/2	100	95 1/2	96	-0 1/2	10.00
Guatemala 12 1/2	100	85 1/2	86	-0 1/2	10.00	Switzerland 12 1/2	100	95 1/2	96	-0 1/2	10.00
Honduras 12 1/2	100	85 1/2	86	-0 1/2	10.00	UK 1					

China Light & Power Company, Limited

中華電力有限公司

US \$211,000,000

Medium Term Loan

to provide finance for a contract between

China Light & Power Company, Limited

and

Balfour Beatty Limited

in relation to a new EHV transmission line to expand the existing grid in Kowloon and the New Territories of Hong Kong and to provide a spur line to the People's Republic of China

with the payment and funding guarantee of

Export Credits Guarantee Department of the United Kingdom

arranged and managed by

J. Henry Schroder Wagg & Co. Limited

provided by

Standard Chartered Bank Limited

The Hongkong and Shanghai Banking Corporation

Barclays Bank International Limited

Lloyds Bank International Limited

Midland Bank Limited

National Westminster Bank Group

The Bank of Nova Scotia

Banque Belge Limited

Banque Nationale de Paris Limited

Citibank N.A.

Commerzbank Aktiengesellschaft

Morgan Guaranty Trust Company of New York

The Royal Bank of Scotland Limited

J. Henry Schroder Wagg & Co. Limited

Swiss Bank Corporation

Union Bank of Switzerland

Wells Fargo Bank, N.A.

Agent Bank

J. Henry Schroder Wagg & Co. Limited

IEL takes leading stake in Marra Developments

BY JAMES FORTH IN SYDNEY

CORPORATE takeover specialist Industrial Equity (IEL) has become the largest shareholder in the pastoral group, Marra Developments. IEL paid A\$10.5m (U.S.\$11.6m) for 20.4m convertible preference shares held by interests associated with Melbourne businessman, Mr. Peter Yungmann. The purchase gives IEL 68.6 per cent of the preference capital and 37.9 per cent of the total voting shares in Marra.

IEL proposed "in due course" to make a comparable offer for the rest of the preference shares, which would give

it 55.25 per cent of the total capital but gave no indication that there would be any bid for the ordinary shares. Mr. Yungmann became the major shareholder during an attempt in 1974 to acquire another pastoral group, Scottish Australian Holdings. Marra countered with a merger involving convertible preference shares which Mr. Yungmann accepted. Marra subsequently ran up heavy losses and instituted a policy of selling rural interests to ensure it would have enough to redeem the preference shares when they

mature in 1983. This led to the formation of the Marra shareholders' Action Group, largely representing family interests of the original Marra company. The dissidents have consistently attacked the Marra policy. Boosted by the upturn in the rural industry the Marra board recently suggested three alternative capital reconstruction proposals to resolve the long standing disputes. One proposal was for the redemption of the preference shares, another to buy out the ordinary shareholders

Shipbuilding slump to give IHI big losses

TOKYO — Ishikawajima-Harima Heavy Industries (IHI) said that it expects a big before-tax and special items loss for the year ended March 31, following the shipbuilding industry slump and heavy retirement allowance payments.

A Nihon Keizai report putting the loss at ¥10bn (almost \$50m) was "not a bad guess," IHI said, though declining to give an exact figure.

In the year to March 31, 1978, IHI reported an after-tax profit of ¥5,730m, and a profit before-tax and special items of ¥34,980m, on sales of ¥763,450m.

IHI paid ¥330m to workers who left the company in 1978-79 under review. Last November it offered its union a plan to reduce personnel expenses by 20 per cent to help overcome the recession, proposing to pay up to 12 months' salary as an extra retirement allowance in addition to regular retirement allowances to workers prepared to retire earlier than the retirement age of 58.

About 4,600 workers, or about 14 per cent of the total workforce responded to the company offer. Reuter

Interest rates up in Australia

BY OUR SYDNEY CORRESPONDENT

THE Australian Government has announced a package of monetary measures including a lift in some official interest rates, which is designed to restore calm to the capital market. The Government had been under increasing pressure to increase interest rates since the February loan, when the long-term bond rate—the benchmark for interest rates—generally—was raised to nine

per cent, only three months after it had been reduced in the November loan to 8.8 per cent. The monetary measures involved a lift of 0.7 per cent in interest rates on semi- and local government securities, a rise of 0.5 per cent in the interest rate on the Australian Savings Bond (ASB) and the financing of another A\$300m of the record wheat crop through

the issue of commercial bills, rather than through rural credits from the Reserve Bank. The government also increased the maximum permissible investment in ASB's from A\$100,000 to A\$150,000 in a move to attract professional investors, which in turn would help fund the Budget deficit from the non-bank private sector, while also reining back on money supply growth.

YULSAN COLLAPSE

Limiting the shock waves

BY RON RICHARDSON IN SEOUL

THE COLLAPSE of the Yulsan group, the newest of South Korea's overseas general trading companies, has sent shock waves through the banking industry which heavily underwrote the company's rapid growth.

The president of the company's main bank, Bank of Seoul and Trust Company, has been arrested on suspicion of breach of duty in allowing emergency loans to Yulsan of about 6bn won (\$12.4m) last October and November. The presidents of three other commercial banks have resigned—two of them at Government request. All four banks are Government-owned.

The total amount owed by Yulsan to 18 Korean and foreign banks as of March 20 was 133bn won according to a statement to the National Assembly by the Finance Minister, Mr. Kim Woon-Gie. Most of this amount is outstanding to the city banks.

The group is now being managed by a supervisory committee appointed by the four banks. Under Government instruction, the committee is selling off the active subsidiaries of the group as going concerns, to minimise the impact of the collapse on other businesses, especially Yulsan's suppliers.

The banks expect the sale to raise about 115bn won which would leave a shortfall of at least 18bn won on repayment of bank lending. However, the Government is offering inducements to interested bidders to take over the full liabilities of Yulsan subsidiaries which they acquire. In this case, the actual

loss to the banks may be less. At the time of the collapse, Yulsan had been built up in three and a half years into a conglomerate of 14 companies employing 8,300 people, with paid capital of 9.9bn won. Its activities took in construction projects in the Middle East and Sri Lanka, an aluminium extrusion plant owned jointly with Kaiser Aluminum of the U.S., a shipping line, a domestic bus terminal, steel fabrication, a textile company, and a general import-export business.

Im won. The group grew rapidly, partly through the export of cement and other construction materials, to the Middle East, and partly by takeovers financed by bank loans. By 1978, Yulsan had built up its export trade sufficiently to gain endorsement as Korea's thirteenth general trading company. However, it is now suggested that there were considerable irregularities in the export finance transactions of the group. Loans available during 1977 for the manufac-

ture and financing of exports carried an interest rate of 8 per cent compared with 20 per cent on call loans.

Mr. Kim Woon-Gie told the National Assembly earlier this week that the interest rate on export finance would be raised by mid-1980 to lessen the possibility of misappropriation of concessional rate funds. Stricter ceiling are also to be applied to advances of this kind.

Early last year, Yulsan ran into major cash-flow problems when the Korean Government imposed a ban on the export of cement and a number of other construction materials which were in short supply domestically. Yulsan had been a major exporter of these items.

The company is known to have sought additional funds from a variety of bank and non-bank sources. Some banks in London were approached with requests to discount commercial bills of the group. Although gaining considerable accommodation from its main Korean bankers, the group found itself facing a liquidity crisis in the last quarter of 1978 as a general squeeze on the domestic money supply by the Government hindered Yulsan's ability to refinance borrowings.

Despite the emergency lending, Yulsan's cheques began being dishonoured in February and the banks moved in a team to manage the group. At this stage, the size of lending by foreign banks, both inside Korea and abroad, is not known. However, it is unlikely that they will incur losses, as the Korean Government is known to be anxious that the country's financial image is unscathed.

The Seoul branches of about four foreign banks are believed to be creditors of Yulsan. The branch of one British bank is known to have a term loan outstanding to the parent company, Yulsan Industries. However, as with most such credits, the loan is backed by a guarantee from one of the city banks. "We are prepared to hold on to the loan," said an executive of the bank. "We do not expect to lose anything, except perhaps some interest. If we exercised the guarantee we would be breaking ranks and would lose many friends. You have to understand Korean ways in these situations."

The Yulsan group—the collapsed South Korean overseas general trading company—is being managed by a supervisory group, under Government instruction. The active subsidiaries are being sold off as going concerns, to minimise the impact of the collapse on other businesses, especially Yulsan's suppliers.

According to bank investigators, the collapse of Yulsan, which had been rumoured to be in financial difficulties since the middle of last year, was brought about by a combination of mismanagement, unprofitably low tendering on overseas construction contracts and the alleged fraudulent use of low interest rate export loans.

The 31-year-old founder and former president of the group, Mr. Shin Sun-Ho, was arrested on April 3 on charges of having embezzled or illegally diverted about 10.5bn won of company funds during the past three years.

Mr. Shin established Yulsan in partnership with a number of former high school colleagues in June, 1973, with capital of

loan operations contributed substantially to its good results, although the year had been marked by tight liquidity and narrowing of spreads for merchant banks in Malaysia. Profits from the sale of investments contributed 500,000 ringgit to profits, compared with 200,000 ringgit in 1977. Total assets rose by 7 per cent to 136m ringgit, while loans increased by 10 per cent to 109m ringgit. Return on shareholders funds was 31.7 per cent in 1978 compared with 23.6 per cent in 1977.

Sime details domicile plan

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY Holdings has finalised plans to move its domicile from London to Kuala Lumpur, after being delayed by more than a year by legal complexities and its abortive bid for Guthrie Corporation. The process would take four to five months to complete.

Under the plan, Sime Darby Holdings Ltd. (SDHL), registered in England, would become a wholly owned subsidiary of a new Malaysian company, Sime Darby Holdings Berhad (SDHB), and shareholders in SDHL will exchange their shares for SDHB shares.

The SDHB shares to be quoted in Malaysian ringgit, would be listed in the exchanges in London, Hong Kong, Singapore and Kuala Lumpur.

Sime said that, although the scheme appeared simple, its implementation was extremely complex, as the group had to meet the requirements of four countries.

The transfer of domicile is widely regarded as a logical and final move by Sime, and is in acknowledgement of the fact that the group's main assets and activities are in Malaysia, and its board controlled by Malaysians.

Loan income lifts MIMB

BY WONG SULONG

MALAYSIAN International Merchant Bankers Berhad (MIMB), in which Barclays Bank has an interest, said its pre-tax profit for last year was 3.9m ringgit (\$1.77m) or 54 per cent higher than in 1977.

The Bank is making a scrip issue to raise its paid up capital from 6.5m to 10m ringgit. The new 3.5m shares of 1 ringgit each represent capitalisation mainly from reserves, and are entitled to the proposed final 10 per cent dividend.

MIMB said income from its

loan operations contributed substantially to its good results, although the year had been marked by tight liquidity and narrowing of spreads for merchant banks in Malaysia.

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All these securities having been sold, this announcement appears as a matter of record only.

S&C

The General Electric Company Limited

(Incorporated in England under the Companies Acts 1862 to 1898)

£50,000,000

12½ per cent. Sterling/U.S. dollar payable Bonds 1989

Morgan Grenfell & Co. Limited	Morgan Stanley International Limited	S. G. Warburg & Co. Ltd.
Barclays Bank International Limited	County Bank Limited	Credit Suisse First Boston Limited
Dresdner Bank Aktiengesellschaft	E. F. Hutton & Co. N.V.	IBJ International Limited
Lloyds Bank International Limited	Samuel Montagu & Co. Limited	Morgan Guaranty Ltd.
Société Générale de Banque S.A.		
Algemene Bank Nederland N.V.	American Express Bank International Group	Amsterdam-Rotterdam Bank N.V.
Arnhold and S. Bleichroeder, Inc.	Banca Commerciale Italiana	Banca del Gottardo
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Banque de Neufilze, Schlumberger, Mallet	Banque de Paris et des Pays-Bas (Suisse) S.A.	
Banque de l'Union Européenne	Banque Worms	Baring Brothers & Co.,
Bayerische Hypotheken- und Wechsel-Bank	Bayerische Landesbank Girozentrale	Bayerische Vereinsbank
Bergan Bank	Berliner Handels- und Frankfurter Bank	Blyth Eastman Dillon & Co. International Limited
Caisse des Dépôts et Consignations	James Capel & Co.	Centrale Rabobank
Christiania Bank og Kreditkasse	Citicorp International Group	Clariden Bank
Compagnie de Banque et d'Investissements (Underwriters) S.A.	Compagnie Monégasque de Banque	Commerzbank Aktiengesellschaft
Copenhagen Handelsbank	Crédit Commercial de France	Crédit Industriel et Commercial
Crédit Lyonnais	Credit Suisse First Boston (Asia) Limited	Creditanstalt-Bankverein
Daiwa Europe N.V.	Richard Daus & Co.	Den Danske Bank
Deutsche Girozentrale —Deutsche Kommunalbank—	DG BANK Deutsche Genossenschaftsbank	Dillon, Read Overseas Corporation
Dominion Securities Limited	Drexel Burnham Lambert Incorporated	Effectenbank-Warburg
European Banking Company	Euroseas Securities Limited	First Chicago
Fuji International Finance Limited	Gefina International Ltd.	Genossenschaftliche Zentralbank AG
Girozentrale und Bank der Österreichischen Sparkassen		Goldman Sachs International Corp.
Groupement des Banquiers Privés Genevois	Hambros Bank	Hessische Landesbank
Istituto Bancario San Paolo di Torino	Kansallis-Osake-Pankki	Kidder, Peabody International
Kleinwort, Benson	Kredietbank N.V.	Kredietbank S.A. Luxembourgaise
Kuhn Loeb Lehman Brothers International	Lazard Brothers & Co.,	Lazard Frères et Cie
London & Continental Bankers	McLeod, Young, Weir International	Manufacturers Hanover
Merrill Lynch International & Co.	B. Metzler seel. Sohn & Co.	Mitsubishi Bank (Europe) S.A.
Nederlandsche Middenstandsbank N.V.	The Nikko Securities Co., (Europe) Ltd.	Nippon European Bank S.A.
Nomura Europe N.V.	Norddeutsche Landesbank	Nordic Bank
Orion Bank	Österreichische Länderbank	Pierson, Holding & Pierson N.V.
Postipankki	Privatbanken	Rothschild Bank AG
Salomon Brothers International	Scandinavian Bank	S.C.F. Finance Company
J. Henry Schroder Waggy & Co.	Skandinaviska Enskilda Banken	Smith Barney, Harris Upham & Co.
Société Bancaire Barclays (Suisse) S.A.	Société Générale	Société Séquanaise de Banque
Sparbankernas Bank	State Bank of India	Strass, Turnbull & Co.
Sun Hung Kai International	Svenska Handelsbanken	Swiss Bank Corporation
Tokai Kyowa Morgan Grenfell	Trinkaus & Burkhart	United Overseas Bank Limited
M. M. Warburg-Brinckmann, Wirtz & Co.	Warburg Paribas Becker	Westdeutsche Landesbank
Dean Witter Reynolds International	Wood Gundy	Yamaichi International (Europe)
		de Zoete & Bevan

These Notes have all been sold and this announcement appears as a matter of record only.



بيشك بوميپوترا ماليسيا برحد

Bank Bumiputra Malaysia Berhad

U.S. \$30,000,000

Floating Rate Notes 1984

Morgan & Cie S.A.

The National Bank of Kuwait S.A.K.

European Banking Company Limited

Arab-Malaysian Development Bank Berhad

The Bank of Tokyo (Holland) N.V.

Bankers Trust International Limited

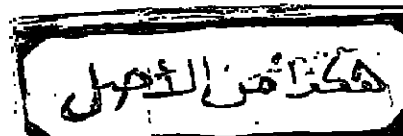
Banque Nationale de Paris

Bumiputra Malaysia Finance Limited

Chase Manhattan Asia Limited

Manufacturers Hanover Limited

Swiss Bank Corporation (Overseas) Limited



Indices

NEW YORK - DOW JONES

to EFr 376 in response to i

to FFR 306 in response to increased profits for 1978, but Beghin Say were unchanged at FFR 133 after announcing their 1977 loss of FFR 127.3m. It had made a FFR 123.7m profit in 1978.

Leading the market ahead were Credit National, Cie d'Ind. Schneider, Moet-Hennessy, Peugeot-Citroen, Bouygues, Michelin, Agatizale, Pociel, Borel, CFAO, Machines Bull, Sogerap, Pompey, Imetal, S. Gohsin, UTA and Penaroya.

Declining issues included Vinpitr, which fell 15 per cent after announcing that it is to make a dividend payment for 1978.

Australia

After the recent gethse stock market started on a easier note following an announcement that some official interest rates were being increased, but a good rally subsequently occurred in response to a March quarter corporate earnings report and a March quarter consumer price index. The Sydney All Ordinaries index finished the day 3.52 up at 570.24.

BHP regained 12 cents. ASX-48 and CSR 6 cents to AS5.50. The ASX-200 rose 1.25 to 100.00. Cents to AS3.30 and ANZ Bank 10 cents to AS4.10.

Among Minings, CRA picked

solidated Gold6
A\$3.50, while

[illegible]

SWITZERLAND ☎

	Apr. 23	Price Frs.	+ or -	Dn. %
Aluminium.....	1,430		+ 5	8
BBB "A".....	1,995		- 5	10
Chenille.....	1,000		- 5	10
Do. Parl. Cart.....	1,015		- 5	25
Do. Reg.....	712		- 5	15
Electrowatt.....	2,040		- 5	15
Flachet (Georg.).....	740		- 10	5
Hoffmann (Pier.).....	76,500		- 10	5
Do. (Smail).....	7,975		+ 25	110
Interford B.....	4,350		- 10	20
Do. (F. 100).....	5,555		+ 10	21
Nestle (Fr. 100).....	5,575		- 15	28.5
Do. Reg.....	3,400		- 10	28.7
Orion (P250).....	2,800		- 10	28
Pirelli (F. 100).....	284		- 15	15
Randorf (F. 250).....	4,375		- 15	26
Do. Parl. Cart.....	5,555		- 15	28
Schindt (F. 100).....	540		- 15	15
Sulzer (CHF. 100).....	383		- 2	10
Do. Reg.....	385		- 2	10
Sw. Bak. (Fr. 100).....	3,385		- 5	14
Sw. Reims (P250).....	3,385		- 5	14
Do. Reg.....	70		- 5	20
Zurich Ins.....	13,800		- 50	84

	Apr. 25	Price Lire	+ or -	Dn. %
ANIC.....	31.5		+ 1.5	-
Bastogi.....	688		- 10	150
Flav.....	2,775		+ 10	150
Do. Priv.....	2,198		- 10	150
Flinsider.....	161		+ 2.5	-
Do. Reg.....	1,110		+ 10	600
Italcrist.....	334.5		- 1.5	-
MedioBANCO.....	24,600		- 100	120
Do. Reg.....	2,410		- 10	35
Orion Priv.....	1,041		- 6	-
Pirelli & Co.....	2,701.40		- 12	120
Pirelli Spa.....	830		+ 0.5	60

Indices

	Apr. 12	Apr. 6	Mar. 30	Year ago (approx.)
Ind. div. yield %	3.68	5.65	5.74	5.86

STANDARD AND POORS.

	Apr.13	April 11	April 4	Year ago (approx)
Ind. div. yield %	5.10	5.08	4.97	5.14
Ind. P/E Ratio	8.60	8.67	8.70	8.94
Long Gov. Bond Yield	9.04	9.06	8.99	8.30

		New Lows.....				19	15
MONTREAL		Apr. 20	April 19	Apr. 18	Apr. 17	1979	
						High	Low
Industrial		244.88	245.01	244.28	244.48	250.51-277.54	218-18.12/11

	Apr. 25	Pre. vious	1978 High	1979 Low		Apr. 25	Pre. vious	1978 High	1979 Low
Australia (a)	570.24	568.42	597.68 (19/5)	545.73 (2/1)	Spain (d)	102.78	111.86 (8/3)	85.03 (12/1)	83.03 (12/1)
Belgium (i)	109.54	106.15	106.58 (9/4)	98.50 (5/1)	Sweden (e)	355.15	365.81 (5/2)	401.34 (5/2)	362.08 (2/1)
Denmark (e)	55.21	55.35	56.35 (9/4)	55.32 (9/4)	Switzerland (f)	320.7	321.1	321.7	294.05

	1953	1954	1955	1956	1957	1958	1959	1960
Japan (1)	445.74	445.41	626.91	627.21	627.21	627.21	627.21	627.21
Singapore (4)	380.59	382.5	527.65	527.65	527.65	527.65	527.65	527.65

Indices and base dates (all base values 100 except NYSE All Common—)

Dec. 1953. \$5 Amsterdam Industrial 1970. 11 Hang Seng Bank 31/7/64
 11 Banca Commerciale Italiana 1978
 e Tokyo New SE 4/7/68, 6 Brazil
 1968, e Caisse d'Epargne de Madagascar
 22/12/78, e Stockholm Industrial 71/65
 1 Swiss Bank Corporation, e Ungevarn
 abla.

AMATIL \$12	12.28	-0.01	Atlas Cop. Kr25	94 ¹	7	7
Ampol Exploration	11.40		Biffured	56.5		
Ampol Petroleum	10.55		Bofora.	119	5	4
Assoc. Minerals	10.55	+0.01	Cad. C.	119	5	7.5
Assoc. Paper & Pulp	11.81		Cellulos.	285 ⁺	+4	
Chemical Indus.	10.30		Elec/Jux B/Kr50	107	1	6.25
Aust. Consolidated Inds.	11.70	-0.05	Eriasson S/Kr60	131		5.5
Aust. Foundation Inv.	10.97	+0.02	Esselte (Free)	149		4
Aust. National Industries	11.65		Fasersta	123		3

OSR (\$1)	15.59	+0.08	Volvo (Kr 50)	86	-7	8.
Oodkern Cement	11.25					
Colas (G.J.)	23.12	+0.92				
Cons. Goldfields Aust.	13.50	+0.10				
Continental (\$1)	19.30	+0.02				
Cinzine Nicbino	15.45					
Cositan Australia	10.00					
Dunlop Rubber (50 cent)	10.51					
Elfaco	10.93					

OSLO					
Apr. 33	Price Kronar	1 or 2	Div. %	Yr 2	
Bergen Bank	100.5	-	6	6	

MINES		MINES	
Kimberlana Minerals	11.35		
Jones (David)	11.03	+0.01	
Lennard Oil	20.23		
Metals Exploration	10.79	-0.01	
Mettamur Minerals	10.18		
Myst Holdings	13.30		
Pyres Emporium	11.63	+0.05	
News	12.50		
Nicholsa Internacional	10.94	+0.02	
		April 23	
		Anglo American Cpn.	7.35 +0.01
		Barror Consolidated	4.25 +0.01
		East Christian	13.20 +0.01
		Esburg	7.75 +0.01
		Harmony	18.30 +0.01
		Kiprosa	5.75 +0.01

Thomas Nat. Trans.	11.30	+0.01	Free State India	12.90	+0.00
Teetche (S)	11.75	+0.02	President - Brand	18.30	+0.00
Watsons	10.50	-0.01	President Steyn	18.10	+0.00
Woolworths (50c)	10.20	+0.05	Stiffneck	7.15	+0.00
Woolworths	11.47		Welkom	5.25	
			West Driefontein	141.00	
			Western Holdings	138.00	4.0
			Western Deep	34.80	

Garrafou	1,806	+9	75	4.1	Fed. Volksbeleggings	12.15	-0.05
C.G.E	394.9	+0.9	61	8.0	Geremans Stores	23.45	-0.05
C.I.T. Alcatel	1,007	-5.0	70.25	7.0	Huilets'	2.00	-0.05
Cie. Bancaria	407	-5	13	2.3	LTA	2.65	-0.05
Cof. Medier	457	-7	7.5	1.6	McCarthy Rodway	0.75	-0.05
Cof. de l'Inde	167	+1.7	11.1	1.6	McCarthy	2.50	-0.05
Crauscol Loire	61.8	+0.1	1	1	OK Bazara	18.15	+0.05
Dumex	690	+11	32.75	4.3	Premier Milling	15.60	+0.05
Fr. Petrolis	166	+0.3	14.1	8.6	Pretoria Comant	4.35	-0.05

Moulins	123.1	-0.1	5	2.4
Nord (die du)	27	+1	12.25	2.4
Orléans	22.5	+1.5	12.15	2.5
Peahiney	91.5	-1.5	7.5	2.4
Permet Nord	205	+2	7.5	2.4
Poussot Citron	378.5	+5.5	17.25	4.6
Poclain	193	+5	-	-
Radio Technique	428	-5	30	-7.0
Redoute	516	+5	30	5.8

BRAZIL			
Apr. 23	Price Cruz	+ or - Cruz	Yid. Div. %
Acazita	1.12	+ 0.02	12.10.71
Banco do Brazil	1.59	+ 0.10	1.017.54
Banco Bras P	1.23	+ 0.25	1.017.54
Banco Mil Am P	1.72	+ 0.30	0.054.85
Loja. Am. J. P.	2.37	+ 0.15	0.302.83
Banco Madrid			212
B. Santander	(250)		370
B. Uniao (1,000)			276
Banco Vizeux			275
Dragados			275
Dregandos			180
Espanola Zinc			94
Faca (1,000)			55.50
G. Gracianos			70

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We invite applications from candidates, aged 28-38, with a strong marketing, distribution and personal selling background. This sales experience must include at least 2 years selling to one or more of the three following markets: Building industry, architects and other specifying authorities; automotive industry; DIY and home improvement markets. It is unlikely that the selected candidate, who will report to the Managing Director in Sweden, will have had exposure to all three of these markets, however, the brief will be to further develop and expand all these markets throughout the U.K. Essential qualities are to be self-motivated, to be able to produce results in tough markets, as well as having sound administrative abilities. Initial salary negotiable £12,000-£16,000 + results related bonus, company car, contributory pension, free life assurance, medical scheme assistance with removal expenses if necessary. Applications in strict confidence under reference USD3917/FT to the Managing Director.

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He/she will be engaged in applying management science, financial and marketing techniques to a wide variety of problem areas. He/she will also contribute towards Texaco's corporate planning activities and assist with a variety of other tasks undertaken by the department. On-line computer facilities are available.

The successful candidate is likely to be in his/her twenties, numerate and articulate and to have demonstrated abilities both through academic achievement, preferably including a post-graduate business administration degree, and some business experience.

A competitive salary and fringe benefits are offered. If you feel you can meet our requirements, write with brief details for an application form to:

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1 Knightsbridge Green, London SW1X 7QS.

Liverpool City Council INDUSTRIAL DEVELOPMENT AGENCY

WOULD YOU LIKE TO JOIN IN A NEW INITIATIVE AIMED AT PROMOTING INDUSTRIAL DEVELOPMENT IN THIS CITY?

If so you may be the person we are looking for to join the team we are forming.

To use the added powers that are available now to inner city partnership authorities, the City Council is setting up an Industrial Development Agency to encourage new investment throughout the city, but especially in the partnership area and its eight newly-declared improvement areas.

The Agency will be under the direct management of the Chief Executive, the City Treasurer, the City Planning Officer and the City Estates Surveyor. It will comprise three staff units working together with responsibility for marketing, financial appraisal and advice, development and environmental planning.

The financial appraisal and advice unit will comprise:

SENIOR FINANCIAL ADVISER**£7,968-£8,715 (inclusive)****FINANCIAL ADVISER (2 posts)****£7,044-£7,788 (inclusive)**

As an Adviser, you would have the key tasks of appraising the viability of projects and their eligibility for financial assistance under the Council's new scheme and of devising (and, if required, negotiating) an appropriate "package" of finance from other sources. The Senior Financial Adviser will also direct and develop the work of assistance and advice, and formulate the recommendations for assistance. Apart from being suitably qualified in accountancy or banking, you would need to have experience in the appraisal of investment projects, and become fully conversant with the various public sector incentive schemes and with facilities available from financial institutions.

"Home-moving" allowances up to £1,250 payable, and temporary lodging allowance in appropriate cases.

Application forms and further particulars, returnable by 18th May, 1979, may be obtained from the Director of Personnel and Management Services, P.O. Box 88, Municipal Buildings, Dale Street, Liverpool L69 2DH (051-227 3911, Ext. 413)

Liverpool**The Drapers' Company**

Applications are invited by 1st June, 1979, for the post of Clerk to the Drapers' Company.

The Clerk is the senior administrative officer and will be required to devote his/her whole time to the duties of the office.

Starting salary as Clerk will be in the region of £15,000 per annum, according to qualifications and experience.

Applicants should be preferably between 45 and 55 years of age.

The person appointed will be required to join the staff on 1st March, 1980, and to succeed the present Clerk on his retirement on 31st July, 1980, and will be eligible to join the Company's approved non-contributory pension scheme.

A statement of the Clerk's duties and a form of application may be obtained from the Clerk to the Drapers' Company, Drapers' Hall, Throgmorton Street, London EC2N 2DO.

LWT**London Weekend Television****WEEKEND WORLD**

London Weekend Television's network current affairs programme will have vacancies on its production team from August this year. Applicants must be able to digest complex information and present arguments effectively. Experience of newspaper journalism is desirable but not essential.

Please write stating your qualifications and the reasons for your interest to Mrs. Joan Pugh, Staff Officer, London Weekend Television, South Bank Television Centre, Kent House, Upper Ground, London SE1.

INTERNATIONAL BANK**West End**

seek 27/32-year-old A.I.B. with Charged Security experience in Clearing Bank. Salary c. £5,500.

Contact: R. Webb, Jnr., Wren Personnel Consultants 623-1266.

SALES REPRESENTATIVE

Experienced representative is offered lucrative position with Midlands based specialist joinery company anxious to expand in London and the Home Counties. Good salary, commission, and car provided. Write with details of past experience to Tony Eridge Consultants Ltd., Estate House, Byrd Lane, Nottingham.

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Managing Director**Cosmetics****£10,000 +**

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A Managing Director is now required to be responsible for the profitability of the company and for realising its full potential. This is a new appointment and the successful candidate can expect full support from Germany. Probably aged 30-45, applicants should have a record of achievement in a similar senior

management role and be able to demonstrate the leadership qualities and business experience necessary to take on this challenging task. This experience will have been gained ideally in the cosmetic industry or in a similar relevant production background. Salary will be negotiable from £10,000 and benefits will match the seniority of the appointment.

The identity of candidates will not be revealed to our client without prior permission. Applications, quoting Ref: SMT837/FT, should give full career details and be sent to:

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Selection Consultants

SECRETARIAL APPOINTMENTS**PA Secretary**

Chairman of Mayfair-based public company needs a first-class young person for this demanding position. The successful applicant should be aged 25-35 years, smart appearance, highly intelligent and self-motivating. Ideally the candidate will have previously been employed in a similar post. Commencing salary of not less than £5,250 per annum will be offered.

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There are up to 3 vacancies to be filled. Written details and application forms may be obtained from the Senate of the Inns of Court and the Bar, from the Law Society's Appointments Registry, from the Parliamentary Counsel Office, 36 Whitehall, London, SW1 (01-273 4468) or from the Civil Service Commission, Alencon Link, Basingstoke, Hants, RG21 1JB (telephone Basingstoke 68551; answering service operates outside office hours). Any enquiries should be made of the Parliamentary Counsel Office. The closing date is 18 May 1979. Please quote ref: G/5120/6.

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DRAWING machine in excellent condition.
0/2,000 ft/in variable speed. 10 h.p. per
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MACHINE equipped with 3 speed 200 h.p.
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max. capacity 1.250 mm x 25 mm M.S. Plate,
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36 DIA. HORIZONTAL ROLL DECK
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TWO SPEED REVERSING ROLLING MILL,

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HEAT TREATMENT FURNACE** complete

DRAWBENCH by Platt, max. capacity 15 ton
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1972 ROTARY SWAGING MACHINE by Marshall Richards, available with 30 dies sets, max capacity 24 mm bar, 57 mm tube 0907 42541/2/3 Telex 336414

9 LINE WIRE DRAWING MACHINE, CONE TYPE,
40 hp x 750 ft/min, 14 in diameter finishing
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FT-ACTUARIES SHARE INDICES															
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries															
EQUITY GROUPS & SUB-SECTIONS				Mon., April 23, 1979					Fri. April 20	Thurs. April 19	Wed. April 18	Tues. April 17	(a)		
Figures in parentheses show number of stocks per section															
	Index No.	Day's Change %	Est. Earnings Yield (Max.)	Gross Div. Yield (% at 33%)	Est. P/E Ratio	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.		
1	CAPITAL GOODS (172)	272.93	+0.3	15.34	5.05	8.74	272.24	270.34	272.54	274.60	276.66	278.72	280.78		
2	Building Materials (27)	254.41	+1.0	15.62	5.27	8.50	253.75	254.21	256.39	258.49	260.59	262.69	264.79		
3	Contracting, Construction (28)	419.78	+1.0	18.89	4.92	7.37	415.64	412.33	420.68	420.35	422.41	424.47	426.53		
4	Electricals (14)	665.32	-0.1	11.73	28.27	11.67	665.92	692.97	656.40	666.81	677.32	687.83	698.34		
5	Engineering Contractors (12)	403.36	+0.7	17.50	5.62	7.68	400.75	394.72	401.37	403.64	405.91	408.18	410.45		
6	Mechanical Engineering (75)	201.58	-0.2	16.87	5.74	7.86	202.09	201.08	202.97	203.71	205.71	207.71	209.71		
8	Metals and Metal Forming (16)	181.95	+0.4	16.68	8.53	7.77	181.19	179.36	180.74	181.15	182.53	183.91	185.29		
CONSUMER GOODS															
11	(DURABLE) (53)	248.66	+0.5	14.24	4.38	9.36	247.51	246.75	249.04	250.31	251.58	252.85	254.12		
12	Lt. Electronics, Radio, TV (16)	338.06	+0.7	11.21	13.13	12.62	335.80	342.47	337.99	340.74	343.49	346.24	348.99		
13	Household Goods (12)	175.77	-0.1	16.85	6.79	8.19	175.98	175.81	176.14	177.08	178.02	178.96	179.89		
14	Motors and Distributors (25)	127.84	+0.1	20.27	6.55	6.11	127.67	127.87	128.51	128.32	129.16	129.99	130.83		
CONSUMER GOODS															
21	(NON-DURABLE) (178)	257.39	+0.1	13.90	5.11	9.34	257.15	253.27	255.23	256.75	258.27	259.79	261.31		
22	Breweries (14)	290.59	+0.7	13.13	5.17	9.66	288.63	288.13	291.14	293.74	296.34	298.94	301.54		
23	Wines and Spirits (6)	329.63	-	14.20	5.54	10.26	329.70	329.09	329.19	329.29	329.39	329.49	329.59		
24	Entertainment, Catering (17)	358.00	-0.2	13.19	5.35	10.09	358.77	358.53	357.73	359.07	360.31	361.55	362.79		
25	Food Manufacturing (19)	228.66	+0.4	17.36	5.00	7.34	223.82	220.48	222.80	224.61	226.42	228.23	230.04		
26	Food Retailing (15)	308.11	+0.7	10.46	3.83	12.99	305.86	299.30	301.41	301.96	303.01	304.06	305.11		
27	Newspapers, Publishing (12)	468.13	-0.6	19.86	5.67	7.14	470.79	465.19	465.54	465.57	465.60	465.63	465.66		
30	Packaging and Paper (15)	148.35	-0.1	17.29	7.47	7.47	148.13	147.82	149.72	149.38	150.29	150.94	151.59		
31	Stores (40)	282.46	-0.4	9.63	6.70	7.15	278.76	278.85	278.27	279.58	280.89	282.20	283.51		
32	Textiles (23)	180.34	+0.3	18.08	7.70	14.42	183.60	254.34	256.68	259.07	261.46	263.85	266.24		
33	Tobacco (3)	271.60	+0.7	20.96	7.58	5.48	268.62	268.11	272.13	273.13	274.13	275.13	276.13		
37	Toys and Games (6)	88.96	-5.7	24.94	7.58	4.73	94.30	94.20	96.08	96.83	97.58	98.33	99.08		
41	OTHER GROUPS (99)	224.34	-0.2	14.10	5.71	8.81	223.85	221.73	222.88	223.36	224.41	225.46	226.51		
42	Chemicals (18)	315.32	+0.1	15.90	6.24	7.36	315.05	310.70	312.19	312.15	313.20	314.25	315.30		
43	Pharmaceutical Products (7)	264.22	+0.1	16.22	4.49	12.04	263.93	260.56	260.54	261.96	263.37	264.78	266.19		
44	Oil Equipment (6)	145.17	-	13.92	5.62	9.05	145.16	144.13	145.86	148.18	150.49	152.80	155.11		
45	Shipping (10)	453.91	-	15.45	5.75	8.81	452.61	444.69	445.85	447.27	448.68	450.09	451.50		
46	Miscellaneous (58)	255.33	+0.4	15.45	7.85	8.41	258.81	260.81	263.14	265.45	267.76	270.07	272.38		
49	INDUSTRIAL GROUP (494)	260.48	-0.2	14.34	5.18	9.06	259.98	257.19	259.85	260.65	261.86	263.07	264.28		
51	Oil(s) (6)	677.39	+0.8	11.65	3.21	9.13	671.69	668.29	662.96	666.26	669.56	672.86	676.16		
59	500 SHARE INDEX	294.46	+0.3	13.88	4.85	9.07	292.57	290.09	292.06	293.76	295.46	297.16	298.86		
61	FINANCIAL GROUP (115)	208.65	+0.6	-	4.96	-	207.16	204.84	205.74	206.67	207.59	208.51	209.43		
62	Bank(s) (6)	245.44	+0.4	27.19	4.93	4.74	244.46	241.95	242.96	244.98	246.99	249.00	251.01		
63	Discount Houses (10)	260.96	-0.8	-	7.08	-	263.05	265.81	267.14	268.97	270.80	272.63	274.46		
64	Hire Purchase (5)	199.94	+3.6	18.04	4.42	8.01	193.03	188.64	191.44	192.26	193.07	193.89	194.71		
65	Insurance (Life) (10)	172.76	+0.2	-	6.75	-	172.47	170.66	171.89	172.59	173.29	174.00	174.71		
66	Insurance (Composite) (8)	151.45	+0.5	-	6.22	-	150.75	146.96	148.92	149.72	150.52	151.32	152.12		
67	Insurance Brokers (10)	321.66	+0.4	15.42	5.97	9.33	320.51	320.32	321.33	322.34	323.35	324.36	325.37		
68	Merchant Banks (14)	99.09	+0.9	-	5.27	-	98.22	97.75	97.28	97.57	98.04	98.51	98.98		
69	Property (42)	350.30	+1.4	3.15	2.38	50.11	345.38	345.65	345.88	346.18	346.48	346.78	347.08		
70	Miscellaneous (10)	125.19	-0.8	18.01	6.63	6.12	126.21	126.51	126.77	127.03	127.29	127.55	127.81		
71	Investment Trusts (11)	241.18	+1.1	-	4.59	-	238.48	238.57	238.97	239.80	240.63	241.46	242.29		
81	Mining Finance (5)	137.65	+0.8	14.57	5.72	8.21	136.63	133.99	133.47	133.48	133.49	133.50	133.51		
91	Overseas Traders (20)	364.39	+0.3	13.78	6.92	9.23	363.14	363.95	366.69	368.33	370.07	371.81	373.55		
99	ALL-SHARE INDEX (750)	270.70	+0.4	-	4.91	-	269.58	266.64	268.21	269.37	270.53	271.69	272.85		

FIXED INTEREST PRICE INDICES										FIXED INTEREST YIELDS Br. Gov. Ar. Gross Red.					Mon., April 23	Fri., April 20	Y			
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STOCK INDICES

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NOTES

Premier's Liberal opponent withdraws

By Robin Reeves, Welsh
Correspondent

MR. JAMES CALLAGHAN'S constituency of Cardiff South-East was yesterday made far less safe for the Prime Minister by a Liberal withdrawal from the contest and a decision by the local Liberal party to back the Tory candidate.

The Liberal withdrawal was ostensibly accidental. The prospective candidate, Mr. Christopher Bailey, head of the Cardiff based Bristol Channel Ship Repairs, arrived at Cardiff City Hall five minutes too late to meet the deadline for handing in nomination papers.

But in a carefully prepared statement, Mr. Bailey said he would be urging all Liberal supporters to vote for Mr. Alan Jones, the Conservative, in order to secure an MP who carried for the constituency.

In October 1974, Mr. Bailey secured 8,006 votes against 21,074 for Mr. Callaghan and 10,358 for the Conservative. If all the Liberal votes were transferred to Mr. Jones, an anti-Labour swing of 5 per cent would be enough to unseat the Prime Minister.

In all, there are five candidates in Cardiff South-East; also standing are Peadar Kirby and Nation Front candidates, as well as Miss Pat Arrow-smith, the veteran nuclear disarmament campaigner.

Mr. Bailey, who achieved considerable publicity during his fight to prevent his company being nationalised with other sections of the shipbuilding industry, accused Mr. Callaghan of being too busy to look after the interests of his constituency. "You only have to look around Cardiff South East to realise what Jim Callaghan has not done," he said. The area would be better off with Mr. Jones as its MP.

The local Liberal Party said it had interviewed Mr. Jones, a 41-year-old solicitor, and was "satisfied" it was a man with progressive ideas who shares many of our Liberal beliefs on such matters as industrial democracy and consultation with the unions rather than confrontation.

Mr. Jones, who had signed Mr. Bailey's election address, which included the need for proportional representation in general elections, had, the party claimed, promised to keep the Cardiff South-East Liberal Association informed and generally consult with it. "He has also agreed to give his support for other such seats in Labour-held seats."

Weather

UK TODAY
SHOWERS in most places, frequent and heavy at times, but with some sunny intervals.
London, S.E. England, Midlands and Channel Islands
Outbreaks of rain, with bright intervals, rather cold.
E. Anglia, E. England, Cent. N. England, N.E. England
Mostly cloudy with outbreaks of rain.
S.W. England, S. Wales
Heavy showers and sunny intervals.
N. Wales, N.W. England, Lakes, I.W.M., S.W. Scotland, N.W. Scotland, Argyll, N. Ireland
Heavy showers and gales on coasts.

Borders, Edinburgh, N.E. Scotland, Highlands
Cloudy with rain at times.
Outlook: Sunny intervals and showers in most parts.

WORLDWIDE

WORLDWIDE					
	Y'day	midday	Y'day	midday	
Algeria	C 15	15	Locarno	R 12	54
Amman	C 25	27	London	R 12	54
Athens	C 15	15	Luxemb.	R 10	51
Bahia	C 25	27	Madrid	S 20	58
Bahrain	C 35	35	Malaga	S 20	58
Batavia	C 15	15	Malta	S 17	63
Bombay	C 15	15	Manila	C 13	59
Buenos Aires	C 15	15	Medan	C 13	59
Burgin	C 15	15	Mexico	C 13	59
Calcutta	C 15	15	Monrovia	C 13	59
Cardiff	C 15	15	Munich	C 13	59
Casablanca	C 15	15	Nairobi	C 13	59
Cebu	C 15	15	Norwich	C 13	59
Colon	C 15	15	Osaka	C 13	59
Copenhagen	C 15	15	Paris	C 13	59
Dakar	C 15	15	Perth	C 13	59
Dhaka	C 15	15	Prague	C 13	59
Dublin	C 15	15	Reykjavik	C 13	59
Durham	C 15	15	Rhodes	C 13	59
Edinburgh	C 15	15	Rio de Janeiro	C 13	59
Geneva	C 15	15	Rome	C 13	59
Hankow	C 15	15	Sao Paulo	C 13	59
Hong Kong	C 15	15	Seoul	C 13	59
Hyderabad	C 15	15	Singapore	C 13	59
Istanbul	C 15	15	Sydney	C 13	59
Jakarta	C 15	15	Taipei	C 13	59
Johannesburg	C 15	15	Tokyo	C 13	59
Kuala Lumpur	C 15	15	Toronto	C 13	59
Lagos	C 15	15	Ulaanbaatar	C 13	59
London	C 15	15	Vancouver	C 13	59
Lyons	C 15	15	Vienna	C 13	59
Manila	C 15	15	Warsaw	C 13	59
Medan	C 15	15	Zurich	C 13	59

—Cloudy, F—Fair, R—Rain, S—Sunny.

Union leaders attack Tories

BY ALAN PIKE AND CHRISTIAN TYLER

MR. TOM JACKSON, the moderate leader of the postmen and this year's TUC chairman, said yesterday that the alternative to Labour was "the most extremist, most reactionary government since the war" formed by a party looking for votes by seeking to take on the unions.

At the same time, Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, told the national committee of the union's engineering section which opened yesterday that statements by some leading Conservatives indicated that they still wanted confrontation.

Mr. Jackson was speaking to the Scottish TUC in Inverness and challenging the Tories to profit, the first in its three-year history of £2,275m last year. But after writing-off interest brought forward, and deferred tax, there was a net loss of £3,042m.

Mr. Leighton, chairman of BNOC, said in Glasgow yesterday that the corporation "was bound to be a loss-maker" in its early years because it had been set up entirely on loan capital at a time when interest rates were high.

Its operations had required heavy capital expenditure. He stressed that BNOC expected to make "an appreciable profit in 1979".

The corporation's annual report, published yesterday, said that its results "reflect the burden of the corporation's start-up costs, notably the acquisition premium paid in 1976 and the initial interest and financing cost caused by the absence of any equity".

The results also reflected cost of providing services and advice to the Government. It said that but for these costs, it was estimated that BNOC would have earned a net profit after

impossible by launching their election campaign with a misleading and dishonest attack upon the trade union movement.

Threats of new laws were distracting and discouraging the unions from carrying out their "typical function," which was to keep the peace. "Our daily job is not industrial warfare, it is industrial welfare," Mr. Jackson said.

Mr. Duffy used his presidential address to deliver a powerful appeal to his members for their "active support" to return a Labour government.

"We have not forgotten the three day week nor the bitter years when laws detrimental to working people plunged the country into confrontation. Trade unions were attacked, assets confiscated and members imprisoned," he said.

During the years to which Mr. Duffy was referring the AUEW was probably the union most regularly involved in confrontation with Conservative policies.

Mr. Duffy accused the Conservative Party of consistently opposing "all forms of job creation measures and subsidies to industry which would preserve industrial capacity and jobs."

Should they be elected they would strip the National Enterprise Board of its powers and were committed to de-nationalising shipbuilding, aerospace and parts of other industries.

He went on: "Further, they advocate drastic cuts in public spending. This would not only create serious areas of increased unemployment but would also effectively reduce to a minimum social services which have been painstakingly built up over the years."

Even now these resources are stretched. Such a prospect must be rejected by any thinking person."

Paul Taylor writes: Lord Denning has "made an ass of himself" over his comments about the unions being "almost above the law," Mr. Michael

Foot, the Labour deputy leader said yesterday.

Lord Denning, Master of the Rolls, made his attack on union power in Canada on Friday.

However, Mr. Foot, interviewed on BBC Radio's World at One programme said that while Lord Denning was "sometimes a great judge" he sometimes "makes a great ass of himself."

Mr. Foot denied that the unions were above the law and accused Lord Denning of having a "deep animosity" towards the trade unions without understanding "anything" about industrial life.

During the programme Mr. Foot insisted that it was only a Labour government which could meet the challenge of the modern technological society.

He said that a vote for Labour was a vote for an "increasingly socialist society" and an "increasingly democratic society."

Union conference reports, Page 12

BNOC makes pre-tax profit

BY SUE CAMERON

THE British National Oil Corporation made a pre-tax profit, the first in its three-year history of £2,275m last year. But after writing-off interest brought forward, and deferred tax, there was a net loss of £3,042m.

Mr. Leighton, chairman of BNOC, said in Glasgow yesterday that the corporation "was bound to be a loss-maker" in its early years because it had been set up entirely on loan capital at a time when interest rates were high.

Its operations had required heavy capital expenditure. He stressed that BNOC expected to make "an appreciable profit in 1979".

The corporation's annual report, published yesterday, said that its results "reflect the burden of the corporation's start-up costs, notably the acquisition premium paid in 1976 and the initial interest and financing cost caused by the absence of any equity".

The results also reflected cost of providing services and advice to the Government. It said that but for these costs, it was estimated that BNOC would have earned a net profit after

tax of more than £3m. The report puts write-off of interest and financing costs brought forward at £4,441m. The deferred taxation charge was £576,000.

"Profits in 1979 and in later years will continue to be reduced by these start-up burdens, particularly by the write-offs until 1982 of carried-forward interest and financing costs."

BNOC's sales last year were £31,827m, compared with £27,837m in 1977. Its operating profit rose from £4,767m in 1977 to £10,925m last year. In 1977 BNOC's loss before tax was £1,881m.

Lord Kearton accused the major oil companies yesterday of attacking North Sea taxation merely to "protect the enormous profits" they made from some big fields.

The yields from fields like the Forties were "so enormous that it would be astonishing if the multinational companies did not try to avoid tax on them," he said in Glasgow following the publication of the corporation's annual report. He added that the Government's total revenue from the North Sea up

to the end of March this year through taxes and royalties was "far smaller" than had originally been expected.

Last week Shell claimed it would not be economic for the oil companies to develop the smaller North Sea fields unless the tax system were changed, and said the UK would cease to be self-sufficient in oil by the late 1980s if these fields were not developed.

Lord Kearton pointed out that British Petroleum's profit last year on the Forties was £1bn, but the company had paid only £180m in petroleum revenue tax. BP could, charge the whole cost of the Magnus Field against its Corporation Tax.

It was "quite legitimate" for the oil companies to try to cut their tax bills, but both the major political parties would be interested in whether the country should receive less revenue from the North Sea than originally expected.

Norway had had "a much greater tax yield from the North Sea" than the British Government. To March 1979 UK income from the North Sea

was some £500m. About £250m of this was paid in royalties, £180m in petroleum revenue tax and the rest in Corporation Tax.

Lord Kearton hit out at claims that BNOC was in a privileged position.

The corporation's report said that BNOC needed to dispel "two common misconceptions." It was not correct that BNOC was in a privileged financial position; and even if it were liable to petroleum revenue tax—it is exempt at present—it would not be due to make payments until 1983.

The report adds that BNOC does not regulate North Sea development and production, and "cannot force decisions in its joint activities with private-sector companies."

Lord Kearton, stressing the importance of BNOC's role as an adviser to Government, said bluntly that "the oil companies don't like having an informed Government."

BNOC started trading in crude oil last year. Lord Kearton said that by March this year it was trading in 500,000 barrels a day.

Consumer spending recovers

BY DAVID FREUD

DOMESTIC demand appears to be picking up after the slowdown in the last three months of 1978.

In spite of the bad weather and industrial disputes of the winter, which probably contributed to a fall in the level of retail sales, total consumer spending rose in the first three months of the year.

The first preliminary estimate of the volume of spending for the first quarter, released yesterday by the Central Statistical Office, was only slightly below the peak recorded in the third quarter of 1978.

At 1975 prices, adjusted for seasonal factors, spending was estimated to have totalled £16,855m in January-March, 0.6 per cent above the level in October-December, 1978. This was £2m below the record figure

CONSUMERS' EXPENDITURE at 1975 prices		
	£bn	
1977 1st	15,619	
2nd	15,495	
3rd	15,777	
4th	15,941	
1978 1st	16,296	
2nd	16,487	
3rd	16,855	
1979 1st	16,850*	

* First preliminary estimate. Source: Central Statistical Office

for July-September, 1978.

The drop of 13 per cent in retail sales, which accounts for about half of total spending, between the last two quarters implies a fairly substantial pick-up in the non-retail sector. There are strong signs of the

effect of a cold and miserable winter. Spending on fuel and lighting was up. A sharp increase in wine and spirits sales more than offset a drop in beer sales.

The expenditure upturn is in line with the improvement in average living standards, which were still rising strongly at the end of last year. By the final quarter of 1978 real disposable incomes were 10.9 per cent higher than in the early summer of 1977, when the squeeze on real incomes was at its tightest.

This tends to support recent predictions by some monetarist commentators, such as the London Business School, who have argued for a short-term upturn in both spending and output on the basis of rapidly expanding real money supply.

Windscale leak: health risk 'large'

By Roy Hodson

TEN CUBIC yards of radioactive liquid has escaped in the Windscale nuclear installation leak, contaminating several hundred cubic yards of soil around the storage building at the plant.

Although the level of radioactivity of the leaked liquid is only about 1 per cent of that in the stainless steel storage tanks inside the building, the Department of Energy pointed out last night that the health risks "are still very large."

The new figures about the extent and the toxicity of the leak have been published on the instructions of Mr. Anthony Wedgwood Benn, the Energy Secretary, in reply to questions put by the pressure group Friends of the Earth.

Mr. Benn quotes answers supplied by the Nuclear Installations Inspectorate. Surveys of the ground show that the radioactivity has travelled along the east side of the storage building at a depth of 3 yards in the soil.

The bulk of the activity is within a few yards of the building. Investigations are continuing to determine the limits precisely.

British Nuclear Fuels estimates that 10 cubic yards of the liquid escaped and the activity found is said to consist of caesium, strontium, cerium and ruthenium.

The level of the radioactivity is said to total tens of thousands of curies. The volume of the soil affected is not yet known precisely but appears to be several hundred cubic yards.

Further investigations are being made to find how and when the leak began, whether it might have been detected sooner, the path that the liquid followed in its escape, and whether the local flow of ground water has been affected.

Measures for dealing with activity in the contaminated soil are being considered by the nuclear inspectorate and British Nuclear Fuels.

Meanwhile, the regular programme of sampling boreholes on the Windscale site perimeter shows no increase in radioactivity escaping from the site and work is proceeding normally.

Soviet Union admits nuclear accidents Page 2

THE LEX COLUMN

Chilly spring for the unit trusts

Sizeable official disbursements to the local authorities helped offset the £450m drained out of the financial system yesterday, following the first recall of special deposits. Over the next fortnight, the second tranche falls due plus the final call on Exchequer 12½ per cent 1999. Together these will net £900m, so money market conditions are going to remain tight.

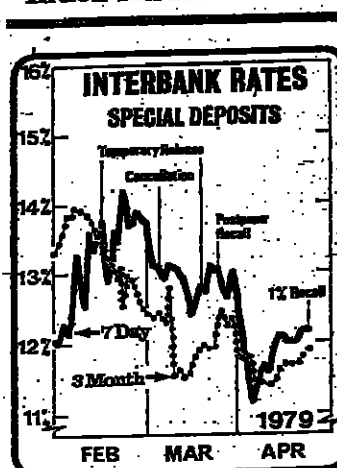
Unit trusts

There was a time when a development such as the net repurchase of £2.3m of unit trusts in March would have sent a tremor through the whole stock market. But there are two reasons why this did not happen yesterday's news. The first is that the explanation is largely technical, hinging on the change in capital gains tax allowances at the end of the tax year. This gave an incentive to anybody intending to sell in the near future to act before April 5. In addition, unit trust managers say that all the publicity about bed-and-breakfast deals reminded some of their sleepy unitholders that they had assets which they could actually sell at a profit—and they forgot about the breakfast part. For many people it was a chance to get out at the price they paid years ago.

The other reason why no one became too excited about yesterday's news is that unit trusts are not nearly such an important force in the stock market as they used to be. In 1977 their net purchases of UK equities amounted to £123m, compared with £190m in 1968. Over the same period the insurance companies' net investment rose from £224m to £576m, while pension fund investment exploded from £237m to nearly £1,500m. Unless the tax system changes, it may not be another 18 years before we see another month of net outflow for the unit trust movement.

BL To judge by its balance-sheet, the continuing injections of taxpayers' equity should carry BL with reasonable comfort through the next couple of years. But there are still formidable financial hurdles to overcome. BL continues to operate a lot of ancient plant—£382m of fully depreciated plant is still in use—and capital spending at current prices is likely to continue at more than £200m a year (8 per cent of sales) for some time to come. There ought to be scope for improving the working capital ratios, since in-

Index fell 2.7 to 536.0



ventories are only turned over three times a year. Yet inflation is still going to suck sizeable lumps of cash into a net working capital figures which currently stands at £778m.

To finance all this, BL has a further £375m of public funds to draw down under the Ryder plan, of which £150m comes through this year. So internal cash flow, which only amounted to about £50m in each of the last two years, will have to rise dramatically if the objective of becoming a self-sustaining business by the early 1980s is to be met. Last year, BL returned about 6 per cent before interest on capital employed of some £14bn, and its plans call for a rise to at least 10 per cent by 1981. The sums just about add up, but the margin for error is tiny.

BL has shed a lot of unprofitable assets in the last couple of years, and the emphasis of its business is shifting towards higher return areas: capital spending on commercial vehicles and Jaguar Rover Triumph last year amounted to £108m, against £77m for Austin Morris. It still needs much higher productivity. And although the group is unlikely to present any immediate financial problems for the next Government, some big political decisions will still have to be made about BL in the next five years unless all goes according to plan.

EPC stalemate Certain pension funds led by the Electricity Supply Industry, Superannuation Scheme yesterday caused Olympia and York, Canadian buyers of English Property Corporation, to contribute an unnecessary £500,000 or so to the Inland Revenue. Such is the fate of those who

dare to stand up to the might of the institutions on a vital question like the prices to be paid for some £15m nominal of 12 per cent Convertible loan stock.

Unhappy at the offer of 98, and claiming that the stock was worth more like 120, a group of institutions told Olympia and York that unless the offer was raised that would veto the proposals for a tax-saving scrip issue in connection with the offer for EPC ordinary. But their bluff has been called. The funds duly blocked the tax scheme yesterday, but have now voted themselves into a minority position in a company which no longer has an equity listing and whose foreign owners must, to say the least, be annoyed.

Here is a glimpse of institutional power, but for what purpose? So long as the big funds are only prepared to stand up and be counted on this kind of footing issue, but disappear back into the herd when major industrial or economic questions have to be decided, then serious doubts must be cast on their potential role as a major influence on the management of the companies they invest in.

Rugby Portland

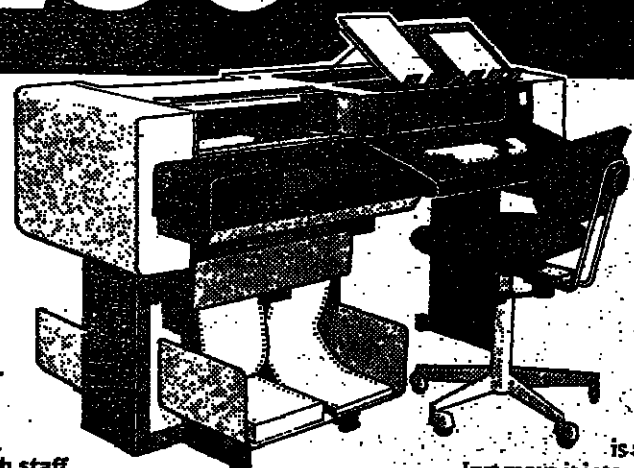
Rugby Portland Cement's 1978 pre-tax profits are just 5 per cent higher at £14.5m which left the stock market mildly disappointed. However, compared with its large rival, Blue Circle, Rugby's performance still looks superior—especially in the domestic market.

Rugby's UK trading profits are 27 per cent higher and margins have improved. Domestic cement deliveries rose by 71 per cent, compared with 3 per cent for the industry generally, and Rugby continues to increase its market share. However, heavy capital spending has reduced the group's liquidity and knocked close to £1m off net interest income. In addition, adverse currency movements hit the Australia contribution from Cockburn Cement—the group's main overseas subsidiary.

In the current year there is scope for improvement in the Australian cement market but here in Britain Rugby, in common with all building material producers, has been badly affected by the dismal weather conditions in the opening months.

At least, it has been able to get its price increases past the Price Commission. The latter is due to report on Rugby today

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